

UNIVERSITY OF JORDAN
LIBRARY

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 29,884

R*

PARIS, TUESDAY, MARCH 13, 1979

Established 1887

Iranian Women Protest Decrees From Khomeini

TEHRAN, March 12 (UPI) — Revolutionaries fired into the air today to disperse several hundred women who attacked and wrecked a car carrying Iran's revolutionary radio and television director on the fifth day of protests against wearing the traditional veil.

Pakistan Is Leaving CENTO Pact

ISLAMABAD, Pakistan, March 12 (AP) — Pakistan said today that it will quit the Central Treaty Organization. A similar decision by Iran leaves the largely inactive military and economic alliance with only Britain and Turkey as members and the United States as an observer.

CENTO was the last Western-sponsored military pact to which Pakistan belonged. The decision to leave qualifies Pakistan for membership in the nonaligned movement.

The decision was announced by Agha Shahi, foreign affairs adviser to President Mohammed Zia ul-Haq.

Pakistan joined CENTO, then called the Baghdad Pact, in 1955. The name changed in 1958 when Iraq, the founding member, quit following the overthrow of the monarchy. CENTO's headquarters is in Ankara.

Mr. Shahi said that CENTO members and China had been notified of the decision.

CENTO is one of several anti-Communist pacts inspired by John Foster Dulles, secretary of state under President Dwight D. Eisenhower.

Mr. Shahi's statement said that the decision was made "in light of new realities" as a result of which "the alliance had lost its relevance to Pakistan's security concerns."

The statement said that the decision does not mean a change in the generally good relations Pakistan has with the other pact members and the United States.

The decision followed by less than 24 hours a similar announcement by the revolutionary government in Iran. Both nations are trying to reduce Western influence and operate on Islamic principles.

New Details in Scandal

S. Africa Censors Report Implicating Justice Chief

JOHANNESBURG, March 12 (AP) — After a late-night call from Justice Minister James Kruger, a court today censored a newspaper article containing new claims that Mr. Kruger took part in an alleged cover-up of a multimillion-dollar secret propaganda war.

It was the latest development in a scandal over how government funds were spent on hidden projects to better South Africa's image abroad and how top officials allegedly hushed up the campaign.

Most copies of the censored newspaper, the English-language, anti-government Rand Daily Mail, went on the streets today with several blank spaces in the front-page story. It was to have related allegations by former Information Minister Fiebel Rhodde that Mr. Kruger was among those who knew of the questionable propaganda practices.

There were no immediate reports of casualties or the whereabouts of Sadeq Ghotbzadeh, the network director. A woman fired at the car and another pulled a knife during the attack, the radio said.

The women converged on the north Tehran headquarters of the network during day-long demonstrations by an estimated 15,000 women who were joined by U.S. feminist Kate Millet to protest Ayatollah Ruhollah Khomeini's instructions that women civil servants wear the chador, traditional Moslem veil.

In an apparent effort to defuse the protest, a deputy premier said women civil servants would not be required to wear traditional dress, and Dariush Forouhar, minister of labor and social welfare, said women factory workers would continue to enjoy equal rights and "to be able to be elected to office."

Women Attacked

Moslem supporters, who attacked several women in a protest Friday in Tehran, stayed behind cordons strung by men accompanying the marchers. The supporters, some wearing the head-to-ankle black chador, carried posters of Ayatollah Khomeini and shouted "prostitutes" and "naked women" at the marchers.

Several chador-clad women passed out handbills condemning the marchers' Western-style dress and their wish for equality with men.

The protesters, wearing blue jeans and skirts, carried placards that said "We want equal rights" and "Freedom, freedom," and chanted: "At the dawn of freedom, we have no freedom."

The march was not as large as expected. There was speculation the protest had been defused by Deputy Premier Abbas Amir Entezami's announcement that women civil servants would not be required to wear traditional dress to work, but should "dress with dignity and avoid appearing cheap or exposed in their offices."

Ayatollah Khomeini, the leader of the revolution that toppled Shah Mohammed Reza Pahlavi's government Feb. 12, has strongly urged women to wear the chador in public. The 78-year-old Moslem leader also abolished co-education and scrapped a law that allowed women to bring and challenge divorce.

Men now are free to have more than one wife.

The demonstrators gathered at Tehran University and marched to (Continued on Page 2, Col. 3)



French President Valéry Giscard d'Estaing, right, chairs opening yesterday of two-day summit of Common Market in Paris. At his right is French Foreign Minister Jean François-Poncet.

EEC Summit Opens 8 European Nations Initiate EMS Today

By Joseph Fitchett

PARIS, March 12 (IHT) — The European Monetary System, designed to align the currencies of the European Economic Community countries and bolster their stability, will go into operation tomorrow with the opening of European markets.

The long-delayed move was announced here today at the start of an EEC summit meeting, whose agenda is dominated by problems of mounting European unemployment and pressure on world oil supplies and prices.

Besides putting the EEC back on the road to its goal of monetary union, European leaders have been anxious to put EMS in place because of fears of possible renewed U.S. dollar instability due to uncertainty about oil supplies.

No major new political or economic initiative is expected from this summit meeting, partly because new elections are scheduled or likely soon in several European countries, including Britain, Belgium and Italy. The summit is the first since France took the EEC chair for six months in January.

Clarifying earlier reports of French interest in modifying the Euratom treaty, a French spokesman denied that France intended to propose any treaty changes during the summit conference. European policy on nuclear nonproliferation, however, was expected to figure in a meeting of the nine heads of state and government tonight at the Elysee palace.

Adopted in December

The EMS, formally adopted by the last European summit in December, only got off the ground in time for this one after a last-minute, vaguely worded compromise on phasing out EEC farm-price (Continued on Page 2, Col. 1)

From Wire Dispatches

JERUSALEM, March 12 — President Carter will leave the Middle East tomorrow after apparently failing to resolve the outstanding issues standing in the way of an Egyptian-Israeli peace treaty, it was announced tonight.

Presidential spokesman Jody Powell said that Mr. Carter will leave Jerusalem without the agreement he had sought and will stop briefly in Cairo to report to Egyptian President Anwar Sadat before heading back to Washington.

"It is safe to conclude there are issues that remain unresolved," Mr. Powell said.

Mr. Carter had extended his Middle East peace gamble a day today as Prime Minister Menachem Begin reported "great progress" after a last-minute negotiating session with U.S. officials.

En route home tomorrow, the president will stop in Cairo for an airport meeting with Mr. Sadat. Mr. Carter informed Mr. Sadat of the stopover in a telephone call today, the Middle East News Agency reported.

Vance, Begin Meet

Mr. Carter sat out the latest mediation session in the King David Hotel while Secretary of State Cyrus Vance met with Mr. Begin and Israeli Cabinet officials.

"We made great progress in solving the outstanding issues" blocking a peace treaty between Israel and Egypt, Mr. Begin said afterward. But he said other problems remained, "which will be negotiated continuously until we find a solution for them."

Mr. Vance reported on the session to Mr. Carter and then attended an evening meeting with Israeli Foreign Minister Moshe Dayan.

The president spent the evening sight-seeing at a museum, where he viewed the Dead Sea Scrolls. A joint U.S.-Israeli statement was expected before Mr. Carter's departure.

Israeli sources said four issues remained unresolved and some needed an Egyptian reply to Israeli proposals.

Mr. Begin will meet Mr. Carter for breakfast tomorrow, according to Israeli press spokesman Dan Patir. The president will leave Israel at noon. He originally planned to leave today.

Speech to Knesset

In a speech today to the Israeli parliament, the Knesset, Mr. Carter declared that "we still fall short" of a treaty between Israel and Egypt. He made the speech, after he had learned the results of an all-night Cabinet session.

U.S. officials had hoped a treaty could be initiated before Mr. Carter left the region. But before his meeting with Mr. Vance, Mr. Begin said he doubted all issues could be settled in 24 hours.

At dawn the prime minister said his Cabinet had made "reasonable" decisions on Egyptian peace terms during its 6½-hour session.

Sees Sadat Today Carter Apparently Fails To Win Mideast Treaty



President Carter delivers speech to Israeli Knesset yesterday.

The 11th-hour talks among Mr. Begin, Mr. Vance, U.S. national security adviser Zbigniew Brzezinski and others reportedly centered on one of the unsettled issues: a compromise linking a treaty to self-rule for Palestinians in the West Bank and Gaza, officials said.

The proposal calls for moving more quickly on creating Palestinian autonomy in the Gaza Strip than on the occupied West Bank. However, officials said the compromise contained no timetable for autonomy, a concession to Israel.

About 400,000 Palestinians live in Gaza, which Israel captured from Egypt in the 1967 Six Day War. The Israeli-occupied West Bank, former Jordanian territory, contains another 700,000 Palestinians.

Defense Pacts

Mr. Begin told the Knesset an acceptable compromise was negotiated on another sticking point: whether the treaty would take precedence over Egypt's defense pact with other Arab states. He gave no details.

Mr. Begin had said he expected Mr. Sadat to fly to Cairo to brief Mr. Sadat. The prime minister said he anticipated a "positive reply."

Mr. Sadat, meanwhile, prayed at a small mosque near the Pyramids today while he awaited the outcome of the tense Israeli negotiations.

Yasser Arafat, chairman of the Palestine Liberation Organization, warned in Lebanon today that Palestinian guerrillas will "burn everything" to prevent a separate peace between Egypt and Israel. He rejected Mr. Carter's invitation for Palestinians to join the peace negotiations.

In the Knesset speech, Mr. Carter said, "We have not yet fully met our challenge."

He said the people of Egypt and Israel were ready for peace but "The leaders have not yet proven (Continued on Page 2, Col. 5)

Energy Deals Are Involved Gov. Brown Ties to Mexican Scrutinized

By Jeff Gerth

NEW YORK (NYT) — Gov. Edmund Brown Jr. of California, attempting to persuade Mexico to sell its energy products to California companies, has in the process been lending the weight of his office to proposed projects that would benefit Carlos Bustamante, a Mexican friend who has contributed to his campaign, interviews with Mr. Bustamante and some Brown aides show.

The governor has been courting Mexican officials, including President Jose Lopez Portillo, with the behind-the-scenes aid of Mr. Bustamante. Some of the projects Gov. Brown has been pushing in talks with the Mexican president are those in which Mr. Bustamante and his family, the Tijuana-based owners of 10 gas utility companies, have a strong financial interest.

The Bustamantes have wealth and political influence on both sides of the border, and they are emerging as vital middlemen and partners with U.S. individuals and companies doing business in Mexico.

Some of the relationships with Americans other than Gov. Brown, including one with a California



Gov. Edmund Brown

petroleum-products company in which more than \$10 million in kickbacks are alleged to have been paid to the Bustamantes, are the subject of a federal grand jury investigation in San Diego.

1974 Campaign Funds

The FBI is conducting a preliminary investigation into allegations that the 1974 Brown campaign failed to report large Bustamante contributions, according to law enforcement officials.

The state of California has no authority to buy gas from a foreign country, and any private transaction would have to have the approval of several federal agencies. Gov. Brown described his meetings with Mexican officials as an effort to call attention to the failure of the Carter administration to negotiate an energy program with Mexico.

The governor would not discuss his relationship with the Bustamantes, but Gray Davis, his chief of staff, said that there was not "the slightest connection" between the governor's actions and the interests of the family.

Father Involved

The Bustamantes are involved in Mexican oil and gas deals with close associates of Gov. Brown, including his father, former Gov. Edmund Brown Sr., according to principals in the transactions. Gov. Brown has disavowed any financial ties to his father's business activities. His father and his father's associates have contributed sizable sums to his campaigns, however.

Gov. Brown and Mr. Lopez Portillo met twice last year, in Mexico City and Tijuana, and members of Gov. Brown's cabinet, such as Richard Mullin, chairman of the California Energy Commission, have had other meetings with Mexican officials. Most of the gatherings concerned energy issues.

Some of the official meetings about energy were arranged by Carlos Bustamante and Roberto de la Madrid, governor of Baja California Norte. Mr. Bustamante says, Mr. Bustamante attended some of the meetings, the only non-government person present, according to participants.

At the meetings, Gov. Brown and his aides sought to encourage a flow of Mexico's energy products to California companies through, for example, the exploration and development of gas resources in Baja California.

Companies Approached

At the same time, Mr. Bustamante was telling California companies how, for a fee, he could help them get Mexican gas and power, according to gas-company executives and Mr. Bustamante.

Gov. Brown said after a meeting in January of last year that he had asked Mr. Lopez Portillo to support (Continued on Page 2, Col. 4)

Reign of Terror Is Reported in Afghanistan

By Thomas W. Lippman

KABUL, Afghanistan (WP) — A Western resident of Kabul was describing the response he received when he invited his neighbor, an Afghan professor, to come to his house to watch a film. "He said he couldn't do it, even after dark. He trusted me, he said, but he couldn't trust my servant not to report him."

That story encapsulated the atmosphere in the Afghan capital 10 months after the coup that brought the pro-Soviet government of President Nur Mohammed Taraki to power. By all accounts, the government, still trying to consolidate its grip on the country, rules through fear and arrest, discouraging contact with foreigners and heavily suppressing dissent.

At night, just before the 11 p.m. curfew enforced by the army, powerful spotlights play across the city as if to surprise subversive elements on their furtive rounds. The streets are almost deserted well before curfew because, residents say, it is unwise to draw the attention of police patrols.

Unlike Marxist Ethiopia, which gave extensive publicity to its armed conflict with alleged counterrevolutionaries, the Taraki leadership claims that there is no opposition and that Afghans have supported the revolution from the beginning.

Purging Rivals

It is true that there is no counterpart here to the gunfights and house-to-house searches with which the Addis Ababa government fought its foes at a comparable stage of the revolution. But it is apparent that Mr. Taraki and his allies in the People's Democratic Party have spent much of their time since the overthrow of President Sadat Mohammed Daud last



Nur Mohammed Taraki

April purging potential rivals and dissenters.

The army, the civil service and the party itself have been stripped of prominent figures, who have been executed, jailed or sent into exile. Experienced foreign diplomats say that they do not know who is chief of staff of the army because there is

So intense is the suspicion of Westerners that the director of the official news agency, whose approval is required before dispatches can be sent abroad, refused to allow journalists who had just interviewed the foreign minister to sit at a table in his office to prepare their articles.

Religious Targets

The government has moved swiftly against religious leaders who oppose what they see as the pro-Communist and atheistic tendencies of Mr. Taraki's party. In January, sources report, one of the leading religious figures in Kabul, Ibrahim Mujaddidi, was arrested along with several dozen relatives and friends, leaving other family members to carry on their opposition from exile across the border in Pakistan.

Shortly before that, Hafizullah Amin, the foreign minister who is considered the second-ranking man in the government, issued a blunt warning to the religious community.

"Those religious leaders who are busy with religious performances and do not act against the interest of the people and the revolution will be respected profoundly by us," he said. "But those who instead of serving the sacred religion of Islam use religion as a means to serve the enemies of the revolution will face repercussions."

Senior diplomats here say that the regime is tough. "They make no apologies," an ambassador said. "Virtue is defined as support of the revolution." Another said: "This is a violent society where scores are settled by killing. These people came to power on a wave of blood. They can't relax much."

Opponents of Mr. Taraki based in Pakistan describe his rule as a Stalinist dictatorship. (Continued on Page 2, Col. 7)

مكتبة الأصل

Independence Is Goal

West Bank Arabs Said to Reject Autonomy

By Jonathan Kandell

HEBRON, Israeli-Occupied Jordan, March 12 (NYT) — Mayor Fahd Kawasme's desk was piled high with papers yesterday. In the lobby, older Arabs, wearing robes and checkered headscarves, smoked pungent, handrolled cigarettes while they waited for an audience with the mayor.

Other Hebronites sat inside the office, listening as a merchant pleaded with the mayor to intercede with the Israeli authorities to secure the release of his daughter, who had been arrested as she crossed the Allenby Bridge from Jordan into the West Bank. "Just an ordinary day," Mr. Kawasme remarked to a visitor.

"You mean to tell me that President Carter came all the way from America to persuade the Israelis to give the West Bank Palestinians autonomy?" the mayor asked with mock incredulity, sparking a chorus of chuckles from his constituents. "Do you mean to say that at this very moment Mr. Carter and Mr. Begin are meeting on this very important matter? Had I only known, we could have declared a holiday."

Key Issue

Perhaps the key issue that has held up a peace treaty between Egypt and Israel has been their disagreement over how and when Palestinian autonomy should be achieved on the Israeli-occupied West Bank of the Jordan River and in the Gaza Strip.

The problem is that no elected or otherwise recognized Arab leader on the West Bank has accepted the autonomy concept, which was endorsed in September at the Camp David meeting between Mr. Carter, Mr. Begin and President Anwar Sadat of Egypt.

Since Mr. Carter has been in Israel, minor demonstrations and rock-throwing protests have been staged in West Bank communities by youths who oppose the auto-

my plan and insist that only the Palestine Liberation Organization can represent them.

Most of the West Bank mayors, including Mr. Kawasme, are PLO sympathizers and say they will settle for nothing less than an independent Palestinian state.

"After Camp David, someone from the American consulate in Jerusalem came by to see me and asked why we would not accept autonomy, maybe as a first step toward a state," recalled Mr. Kawasme. "I told him the same thing I'm saying now: It would amount to giving our support for legal Israeli occupation of our land, I say it's better to stay occupied without our permission."

Easy Victory

Mr. Kawasme, a stubby man with a shock of gray hair who looks a decade older than his 40 years, was born in Hebron when it was part of the British mandate over Palestine. He studied agricultural engineering in Egypt, and then under the Israeli occupation at Ramallah, another West Bank community north of Hebron. He returned here in 1976, and easily won election with PLO support over a more moderate Arab politician preferred by the Israeli government.

The victory of PLO-supported candidates such as Mr. Kawasme was a rude jolt for Israeli officials. Since the 1967 war, when the Israeli armed forces rolled through East Jerusalem and the West Bank in response to a Jordanian attack, the conventional wisdom in Israel has been that economic benefits would make the Palestinians think twice about rejoining Jordan or aspiring to a state of their own.

In fact, most of the 800,000 or so Arab residents of the West Bank have never enjoyed such a high standard of living. Personal income is higher than in any other non-oil-producing Arab land. The spurt in construction has been dramatic, with thousands of new, yellow-stoned houses dotting the barren

rocky hills. The roads are cluttered with overloaded trucks bringing goods in and out of Israel, and thousands of Palestinians commute daily from jobs in Jerusalem, Tel Aviv and other cities.

"The problem isn't nourishment," said Mr. Kawasme. "I can eat better in America or maybe Saudi Arabia. But we still want our own country."

Vehement Opponents

About the only people in the area who believe that autonomy would lead to a Palestinian state are a sizable number of Israelis. Mr. Begin has had a difficult time convincing members of his own rightist coalition that this would not happen. The center-left opposition group around the Labor Party also have warned that the self-rule proposal could pave the way for a Palestinian nation under the control of the PLO.

Among the most vehement opponents of the autonomy plan are the 5,000 or so Israelis who have chosen to settle on the West Bank. The largest group, more than 2,000 settlers, live in Kiryat Arba, a fortress-like community of apartment blocks on the hills overlooking Hebron.

Begin 10 years ago as an Israeli military outpost. Kiryat Arba still has a military contingent guarding its entrance. But it has constructed factories and workshops and serves as a bedroom community for people employed in Jerusalem, about 20 miles away.

Like other Palestinians, Mr. Kawasme maintains that settlements are proof of Israeli intentions to occupy more Arab land. He asserts that if a Palestinian state is created, all Israeli settlements will have to be evacuated.

The residents of Kiryat Arba insist that all of Judea and Samaria, as they call the West Bank, are part of Eretz Israel — the land of Israel described in the Bible.

"If someone says that after 2,000 years in the Diaspora, Jews have no claim to Israel, I can understand the logic of the argument, even if I don't agree with it," said Elyakim Haetzni, a 52-year-old lawyer living in Kiryat Arba. "But if someone says we have a right to Tel Aviv but not Hebron — that sort of argument I don't understand."

"Why is not Hebron part of the state of Israel?" he asked. "Because we were not able to conquer it when the state was created in 1948. Why is Tel Aviv part of the state? Because we were able to conquer it."

Recalling that even in ancient Israel, Jews and Arabs lived within the same borders, Mr. Haetzni insisted that it would make no difference to him whether Palestinians lived in Hebron, Jerusalem or Tel Aviv.

"But there would have to be Israeli sovereignty over the Mediterranean to the Jordan River, with special rights for Arabs," he added. "Autonomy, Mr. Haetzni insists, will inevitably lead to attempts by the Palestinians to create an independent state, and 'this would mean war between Arabs and Jews because we are not prepared to leave Judea and Samaria.'"

"God forbid it should happen," said Mr. Haetzni. "But if it does, people will look back and see this period as the golden years of Jewish-Arab relations. Yes, looking back in history people will say, why did they put an end to such a good thing?"

The main focus of this summit, however, is current EEC economic problems. An EEC Commission report said that this economic growth amounted to 2.8 percent for the EEC last year, and it predicted a rise to 3.4 percent in 1979. It predicts a combined EEC inflation rate of 5.5 percent.

But the commission said it was unlikely that even the slightly higher growth rate can appreciably cut unemployment, now running around 6.5 million in EEC countries and becoming a growing social and political preoccupation.

These forecasts, however, could be upset by fresh oil-price increases. An EEC report here said that each extra dollar per barrel of oil cost the EEC 0.3 percent added inflation and 0.4 percent growth.

The EEC summit plans to issue an energy-saving plan here tomorrow at the end of the two-day summit. Its effect will be similar to the 5-percent cut in demand recently adopted by the International Energy Agency, but the EEC does not mention this figure, apparently out of deference to France, which alone among EEC countries is not an IEA member.

Gen. Ahmad Madani, minister of national defense, announced 1,200 foreign technicians employed by Iran Helicopter Industries had their contracts terminated "because of astronomical cost" of their services.

Gen. Madani, who inspected the company's installation west of the capital, said foreign partners in the company had made Iran totally dependent on foreign-made spare parts. He did not name any company, but it was believed he referred to Bell Helicopters International, a subsidiary of a U.S. firm.

Islamic Tribunals Denounced
GENEVA, March 12 (UPI) — The International Commission of Jurists today denounced the Islamic tribunals operating in Iran as violating both the universal Declaration of Human Rights and the Geneva Conventions.

The commission said that the Islamic courts are without basis in law. There are no formal charges, the right to a lawyer is denied and death sentences are carried out within one hour without any chance of an appeal, it said.



Some of the 50 Vietnamese who swam from a ship to an island off Hong Kong on Sunday.

Hong Kong Police Foil Escape by 148 'Boat People'

HONG KONG, March 12 (AP) — Marine police yesterday returned 148 Vietnamese refugees to a rusty freighter in Hong Kong harbor hours after they leaped overboard in an unsuccessful swim for freedom.

Government sources said that the police were searching the islands near the freighter for two missing Vietnamese. They said that they had drowned or eluded the police who went into action after the refugees jumped off the freighter Skyluck. A flotilla of police vessels surrounded the freighter today.

The boats pulled about 95 of the swimmers from the water. At least 50 made it to a nearby island and presented a petition to the police asking the government to allow the 3,000 refugees on the Skyluck to come ashore. The police accepted the petition, then took the refugees back to the ship.

A government spokesman said that the incident would not affect its policy toward the refugees. The government ordered the refugees to remain aboard because it said that all its refugee camps are full. Authorities said that they are investigating to determine whether those on the Panamanian-registered vessel are legitimate refugees or paying passengers.

A 15-year-old Vietnamese boy, one of those who jumped overboard, said on television that his family paid \$4,000 in gold to Vietnamese officials to get out of the country.

Meanwhile, in the nearby Portuguese colony of Macao, 61 refugees drove their two boats onto the rocks after they were refused permission to land. Officials said they might put the refugees in new boats and send them back to sea. Macao stopped granting sanctuary to refugees last year, saying its camps were filled with 1,300 Vietnamese.

New Policy of Candor

China Admits Juvenile Crime Problem

By Fox Butterfield

HONG KONG (NYT) — Two high school students, miffed that a classmate had been chastised by his teacher for being a hoodlum, broke into the teacher's room and began attacking him with sticks and stones. When he tried to run for help, they shot him in the chest with a homemade zip gun.

It sounds like a scene from "Blackboard Jungle," the movie about terror and violence in a big-city U.S. classroom. But it happened last month in High School 91 in Changchun, an industrial city in northeast China.

According to a local radio broadcast, the police arrested the students, and Communist Party officials visited the teacher, who was badly injured.

The story is only one of a number of recent accounts in the official press of crime, gang fights, gambling and truancy among young people. In another case, a nurse at a Peking hospital, with help from a man she was dating, murdered her mother, sister and cousin. They had objected to her dating the man.

Until a few months ago, China contended that juvenile delinquency, like inflation, unemployment and pollution, existed only in capitalist societies. But with the pragmatism preached by its current leaders, China is conceding that it has social and economic problems.

Purpose in Candor

The purpose behind this candor seems to be to emphasize that, unless China faces reality, it cannot achieve its plan to become a modern industrial state by 2000.

Because China often deliberately trumpets bad examples to make propaganda points, it is difficult to gauge how widespread juvenile delinquency really is. But there are some suggestive statistics.

Shen Zhongling, a professor of law at Peking University, disclosed in an interview earlier this year that about 60 percent of China's crimes are committed by young people. That is much the same proportion as in the United States, where people under 25 accounted for 56 percent of all arrests in 1977, the last year for which figures are available.

An article in a leftist Hong Kong magazine, Tungshiang, reported that the Luwan district of Shanghai recorded about 1,000 thefts and burglaries in 1977, 87 percent of them committed by young people. Last year, according to the Guangming Daily of Peking, the Luwan district set up a reform school for juveniles, and it now has 104 students.

Some foreigners who have studied in Shanghai say they have been frightened by bands of youths who roam the streets or idle away their afternoons in small restaurants.

Teen-Age Gangs

The article in the Hong Kong magazine said that Shanghai, as well as Nanjing (Nanking), Canton and other major cities, had teen-age gangs with their own territories. "Often," the magazine said, "because of arguments over girl friends or private revenge, they have group fights."

Despite the importance attached to education, truancy in some city schools has also become a problem. A report in a new newspaper for Chinese youth said that in Yingkou, a city in Liaoning province, 1,600 high school students — more than 10 percent of the student body — had been absent for more than three months.

"Some have become temporary workers," the newspaper said, "but others loiter around, take up bad habits and even become criminals." The disgraced "Gang of Four" is officially blamed for juvenile delinquency, but the root of the problem is deeper. It lies in the Cultural Revolution itself, when Mao Tse-tung told young people that "to rebel is justified" and sent millions of young Red Guards rampaging against party bureaucrats.

When this policy threatened to throw China into chaos, Mao compounded the problem by sending many of the young people to the countryside. But instead of being tempered by the rigors of peasant life, as Mao expected, the urban youths were unable to cope with the hardship and grew disillusioned.

Drifted Back

Many drifted back illegally to the cities, where, lacking the proper identification to buy food or prostitution, as a recent wall poster in Peking charged.

The magnitude of the problem of what to do with urban high school graduates was indicated last week by a series of incidents in Shanghai in which thousands of young people stopped traffic, cut power lines and blocked trains because they were not being given jobs in the city.

Moreover, until the re-establishment of the examination system for entrance to college after Mao's death in 1976, many young people were affected by a general sense of aimlessness. No matter how hard they studied, it had little influence on their chances of getting into a university or finding a good job.

Most foreigners in China have praised the apparent absence of crime. But there are two clear signs that the Chinese themselves do not agree. All bicycles are kept locked, and first-floor windows are often barred.

Pullout Said to Continue

Peking Reportedly Decides To Hold Some Hanoi Bases

BANGKOK, March 12 (AP) — Chinese officials were quoted today as saying that their troops would occupy some of the territory held by the Vietnamese before China's invasion of Vietnam on Feb. 17.

Analysts in Bangkok confirmed that the Chinese are pulling slowly out of Vietnam. But a source said that Chinese officials here told diplomats that their forces would occupy some bases from which the Vietnamese allegedly launched raids into China.

Meanwhile, Vietnam, after recalling about 10,000 troops from Cambodia and units from Laos and southern Vietnam, appeared to be reaching the peak of its military buildup in the north.

Troops Said Missing

There also were reports from Vietnam of Chinese troops missing on the Chinese-Lao border. China said the Laotian government had demanded the withdrawal of Chinese experts and an end to Chinese aid.

And the ambassador of the fallen Cambodian regime of Premier Pol Pot claimed today that Vietnam has reinforced its invading troops with three divisions in Cambodia.

In an effort to put its battered economy on a wartime footing, the Vietnamese also announced today that virtually every citizen would be required to perform daily military duties.

The Chinese announced last Monday that they would withdraw their invasion force of 100,000. But the Vietnamese moves of troop buildup and citizen mobilization probably were triggered, analysts said, by fear of a Chinese "trick" and because heavy Vietnamese casualties made Hanoi feel vulnerable.

Vietnam's latest battle report said that as of yesterday, Chinese troops continued shelling, plundering and burning areas of the six frontier provinces.

Fighting Said Light

Analysts here say that the fighting is light and that they cannot confirm Vietnamese charges of Chinese atrocities. "I think they [the Chinese] are trying to clean out a belt along the frontier, maybe 20 kilometers deep," a Western source said.

Tass said today, "There is no real withdrawal of Chinese troops... on the contrary, the aggressor's main forces are used for vigorous military actions."

Today, Vietnam repeated charges by Hanoi, the Soviet Union and Laos that China was massing troops along China's border with Laos. It said that Peking had trained and sent guerrillas of an army once trained by the CIA, to carry out subversion in Laos.

The Communist Party newspaper Nhan Dan referred to China's use of "bandits" of Vang Pao, the

general who led an army of his fellow hill tribesmen in Laos against Communist forces in the last war.

China said yesterday that Laos, under Soviet and Vietnamese pressure, on Wednesday had torn up China-Laoian agreements and demanded that Peking end its aid projects and withdraw its experts from Laos.

The Laotian news agency said only that 2,000 youths were yesterday in Vientiane and were told to "heighten their vigilance" in face of "the activities of Chinese reactionary rulers in collaboration with imperialism."

Sources here have not been able to confirm charges of a Chinese buildup at the Laotian border. But they do not discount the possibility of China stirring up trouble in Laos, especially if its technicians are forced to leave the country.

Several thousand Chinese are believed to be working in northern Laos on road-building and other aid projects.

Carter Fails To Get Pact

(Continued from Page 1) that we are also ready for peace, enough to take a chance. We must persevere."

He added, "We must proceed with due caution. I understand that, but we must proceed."

Pandemonium erupted when Mr. Begin tried to talk. One right-wing member of Mr. Begin's own party was ejected after heckling the prime minister. Mr. Carter watched the scene from the podium.

Several members of Mr. Begin's ruling coalition accused him of selling out. Five Communists charged he was oppressing the Palestinians. Mr. Begin has said he would submit any treaty to the Knesset for approval.

Mr. Carter told the Knesset he had discarded separate draft speeches of despair and glad tidings in favor of "a speech of concern and caution and hope." He called on the parties "to contemplate the tragedy of failure, and the legitimate exultation if we bring peace... Our vision must be as great as our goals. Wisdom and courage are required of us all."

He held out a promise of increased U.S. aid for Israel, pledging "new and stronger and more meaningful dimensions" to U.S.-Israel relations.

The emergency Cabinet meeting that began late night followed a dinner toast in which Mr. Begin told Mr. Carter: "We have serious problems."

After the Cabinet session, Mr. Begin said, "I think we took very reasonable decisions."

Kabul Rules With Purges, Ambitious Land Reform

(Continued from Page 1) torship, with power imposed by brutality, but the situation appears to be considerably more complicated.

Mr. Taraki and his supporters have acknowledged that their base of popular support was small when they seized power. An official history of the April coup notes that it was engineered by a small group of army officers who subscribed to Mr. Taraki's theories. It makes no claim of a popular uprising.

"They have been very frank about it," a source said. "They decided that if they wanted to wait until they had mass public support, it might take 30 years, so they decided to take power first and then build their base."

The government's technique has been to combine purges of "feudal" elements left over from the Daud government and the monarchy that preceded it, with populist measures aimed at increasing the number of people indebted to the government and to the party.

Some cadres sent into the villages to preach the revolutionary program have been resisted, even killed. The government has responded with swift punitive actions. "Whenever you see a big description in the press of demonstrations of popular support in some village," a ranking diplomat said, "that means there's been an air strike there."

Contested Impression

The combination of military reprisals against recalcitrant villagers, mass arrests in the cities and a sputtering campaign against an insurgency among tribesmen in the eastern provinces gives the impression that the Afghan leadership is struggling to survive.

But observers here say that this is not necessarily true. They say that the opposition, political and religious, is weak and fragmented, and that repeated purges in the army and the civil service have eliminated most potential sources of disloyalty. They also say that some of the measures taken by the government to elicit popular acceptance appear to be succeeding, especially a large-scale land reform program launched in January.

"The class of people that owes something to this government is growing," a senior diplomat said, observing that the regime seeks to swell the number of people whose interests are tied up with those of the revolution. "The number of those who benefit is greater than the number of those who are hurt."

Diplomatic sources say that there is deep skepticism about whether the government can en-

force two of its decrees, abolishing usury and dowries, but that land reform is making headway. It is being run by the party, not by civil servants, again in a move to inspire party loyalty.

Land Reform
Foreign Minister Amin, asked recently about security measures in the capital, said that they would ensue when the land reform is completed, probably this year.

About 200,000 families in a country of about 16 million people will receive parcels of land from the estates of big landowners, he said. "There's no country in the world where land reform is going on so smoothly as here. When it is completed there will be no more need for any security measures."

He made no claim that there would be a liberalization of political life. Afghanistan is officially a one-party state, and the press, economy and government are being molded into the service of that party.

In conversations after the recent kidnapping of U.S. Ambassador Adolph Dubs, Mr. Amin and police commander Daud Tarun insisted that the country was secure. They denied the existence of any political or religious opposition, except for the theme adopted by Mr. Taraki in an appeal to the revolution's progress a few months ago.

"Complete security prevails throughout the country," Mr. Taraki said. "Any plot hatched or effort made by the enemies among the armed forces was nipped in the bud."

Rebel Groups Join Forces
RAWALPINDI, Pakistan, March 12 (Reuters) — Two rival rebel groups battling Afghanistan's leftist rulers patched up a truce yesterday and announced their second attempt in five months to join forces. Leaders of the Afghanistan Islamic Party and the National Rescue Front pledged to wage a joint guerrilla struggle against Mr. Taraki.

Their men claim to have inflicted heavy casualties on government forces, and the Kabul regime has responded by bombing villages that a third group was joining the fight, the Harkat-ul-Islami.

Leaders Mohammed Nabi Mohammadi, Burhanuddin Rabbani and Gulbuddin Hikmatyar said yesterday that their forces now govern Afghanistan's mountainous regions, leaving only the cities under effective government control.

Eight European Nations Start Joint Money System

(Continued from Page 1)

subsidies. France had objected that the old system favored West German farmers.

The architects of the EMS, French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt, claim that the system will add 1 percent to the Common Market's growth rate by promoting trade among participating countries.

To create a zone of monetary stability and protect European currencies from swings in the U.S. dollar rate, the idea is to contain exchange-rate fluctuations within narrow limits (normally 4.5 percent) among the eight participating countries — France, West Germany, Italy, Belgium, Luxembourg, the Netherlands, Ireland and Denmark.

EMS members will pool 20 percent of their foreign reserves to create a \$30-billion fund. Each country can draw on the reserve to keep its currency in line, enabling businessmen to count on stable exchange rates inside the Common

Market. West Germans hope it will keep the mark from rising and the French hope it will keep up the franc.

Britain has opted out of the system, although it has observer status. It is expected to reconsider the EMS after elections later this year.

At the summit, British Prime Minister James Callaghan attacked the overall EEC agricultural policy, which consumes 76 percent of the EEC budget. He warned of a taxpayers' revolt against the EEC's spending money on financing agricultural subsidies. The agricultural program this year is costing more than \$12 billion — nearly half of it for storing unwanted food and then selling it at a loss, he said.

The new funds are needed, he said, to help modernize industry and help poorer regions.

The remarks by Mr. Callaghan, who faces elections later this year, were made available to reporters. In his speech, he told his fellow leaders that Britain could not accept becoming the largest net contributor to the EEC budget, as recent West German bank studies show it has.

The main focus of this summit, however, is current EEC economic problems. An EEC Commission report said that this economic growth amounted to 2.8 percent for the EEC last year, and it predicted a rise to 3.4 percent in 1979. It predicts a combined EEC inflation rate of 5.5 percent.

But the commission said it was unlikely that even the slightly higher growth rate can appreciably cut unemployment, now running around 6.5 million in EEC countries and becoming a growing social and political preoccupation.

These forecasts, however, could be upset by fresh oil-price increases. An EEC report here said that each extra dollar per barrel of oil cost the EEC 0.3 percent added inflation and 0.4 percent growth.

The EEC summit plans to issue an energy-saving plan here tomorrow at the end of the two-day summit. Its effect will be similar to the 5-percent cut in demand recently adopted by the International Energy Agency, but the EEC does not mention this figure, apparently out of deference to France, which alone among EEC countries is not an IEA member.

Filipino Rebels Attack Soldiers

Attack Soldiers

MANILA, March 12 (AP) — The police chief of a town outside the U.S. Air Force's Clark Base, four guerrillas and a soldier were killed in two gun battles between government forces and the Communist New People's Army north of Manila, police officials reported today.

Authorities in Mahabacat, adjoining the Clark Base, said the police chief was killed Saturday when about 10 guerrillas opened fire on a patrol.

They said a soldier was killed trying to recover the police chief's body. Fighting continued for 24 hours, and a woman guerrilla was killed, the sources said. The police said that three more guerrillas were killed in a battle in the town of Santa Ana.

Venezuela Inauguration

CARACAS, March 12 (AP) — Luis Herrera Campins, 53, a lawyer, was inaugurated today at a joint session of Congress as the 37th president of Venezuela.

Original works of art are commonplace at grand hotels throughout Europe.

And in Boston, at The Colonnade.



Only the Atlantic separates us from the other grand hotels.

For reservations call 617-261-2801 or Overseas Reservations, Inc. A Distinguished Hotel represented by Robert F. Warner Inc.

البحر الاطلسي

\$3 Million Asked After More Than 50 Years in Asylums

U.S. Suit Says Institutions Made Man a Mental Cripple

TRAVERSE CITY, Mich. (NYT) — Jack Smith was born in the state hospital for the mentally ill here 54 years ago and was institutionalized until recently.

As a result, he has become a mental cripple, it is charged in a \$3-million damage suit filed in his behalf against the state of Michigan.

Although the suit was filed Feb. 7 in the Michigan Court of Claims in Lansing, the state attorney general's office has not yet had time to determine how it will respond, Thomas Wheeler, the assistant attorney general, said.

Mr. Smith lives quietly in a foster home about 13 miles south of the mental institution where he was born. He is aware of the public interest in his case and enjoys the interviews he has given several reporters, but whether he understands what the lawsuit is about is not known, according to Debra and Tom Williams, who own and operate the home.

"He is not mentally ill," his court-appointed attorney, Kenneth Walz, said. "His brain has atrophied from misuse. He wasn't challenged socially and intellectually. He is mentally retarded because of his life-long institutionalization."

Mother Admitted
The record, Mr. Walz said, shows that Mr. Smith's mother, Minnie Smith, was admitted at Traverse City State Hospital in February, 1925, that she was "laughing and crying almost all the time" and was unable to walk because of some form of paralysis. She gave birth to the son two days later and died several hours after that.

Mr. Walz said the baby's father was described as irresponsible and an alcoholic of "rather less than normal intelligence." The boy was described as a "typical blue baby" who did not breathe for several minutes.

The belief was, Mr. Walz said, that because of the child's background he must be mentally retarded, and a psychologist involved in the case, George Kinney, agreed that this was common practice at the time.

"We're talking about guilt by association," the attorney said. "Like mother, like child." The boy was never put up for adoption or placed in a foster home. He was transferred to a state orphanage for several months, then sent to Lapeer State Home and Training School in 1926 for a hernia operation. He stayed there for 38 years.

He was described as a "pretty baby with beautiful smiles and dimples" who appeared to be "bright." His IQ and achievements improved steadily during childhood although he was classified as of "upper imbecile level, unstable, slightly trainable."

Haig and Ecevit Discuss Crisis
ANKARA, March 12 (Reuters) — Gen. Alexander Haig, supreme allied commander in Europe, said here today that Turkish Premier Bulent Ecevit was very concerned about the failure of the West to provide urgent aid to his country.

Gen. Haig spoke at the end of a surprise visit here that emphasized NATO's concern over the future role of its Turkish ally. The general returned to NATO headquarters in Brussels after meeting with Mr. Ecevit and Turkish military leaders. He said his talks were mainly about Turkey's economic crisis.

Mr. Ecevit said last week that the West's "lack of interest" in Turkey's problems could have a "certain impact" on overall external relations. He has been seeking at least \$1 billion in aid.

Giscard Convenes Assembly Session
PARIS, March 12 (Reuters) — President Valéry Giscard d'Estaing today yielded to parliamentary pressure and called an emergency session of the National Assembly starting on Wednesday to debate unemployment.

The Gaullist Rally for the Republic, the largest party in the government coalition, had joined the opposition Socialists and Communists in demanding the emergency session.

The decision follows weeks of violent protests by workers against government plans to streamline the steel industry and eliminate more than 21,000 jobs by the end of next year. French unemployment is estimated at 1.3 million persons.

When he was 12, his academic education ceased, despite evidence that he was interested in his school work, because it was thought that he could do better in an industrial program.

Lapeer State Home, now the Oakdale Center, was overcrowded and understaffed in the 1940s and 1950s and its patients were poorly clothed and fed. In 1958 a judge reported that 98 percent of its inmates had been illegally committed.

Mr. Smith spent his share of time in the maximum security section of Lapeer sitting silently on a straight-backed chair all day or scrubbing one spot on the floor for hours.

In 1964 he was classified as "dangerous and aggressive" and was transferred back to the Traverse City hospital where he was born.

Mr. Smith's story was brought to light by Probate Judge Kenneth Mackness of Grand Traverse County. "In 1974, the Michigan Legislature enacted a new mental health code, which among things provided for a judicial review of all hospitalized cases," Judge Mackness said. "It was a new concept, a judicial inquiry into the adequacy of treatment and whether there are lesser available alternatives than hospitalization."

"Jack Smith's appearance before

me in 1976 was just part of the routine for redetermination," he said. "I was impressed by the fact that this middle-aged man was polite, well-dressed. There was nothing that would suggest long-term hospitalization."

He ordered an evaluation by Dr. Walter Turke, an independent psychiatrist, who indicated that Mr. Smith was not mentally ill or dangerous.

Judge Mackness then asked for a review by Mr. Kinney, of the Grand Traverse Area Services for the Developmentally Disabled, who reported that Mr. Smith was a victim of institutionalization, inadequate medical care and lack of education.

"I faced a dilemma. It was clear he should be discharged from the hospital but Mr. Smith was so impaired that it would be unwise to put him out on the street," Judge Mackness said. Mr. Smith was placed in the foster home under the supervision of Mr. Kinney's organization.

Officials of the State Department of Mental Health refuse to comment on details of Mr. Smith's case because of the suit, but they insist that such an incident could not happen today because of new state regulations and safeguards.

Some NATO Nations Held Reneging on Arms Budget

By Bernard Weinraub

WASHINGTON, March 12 (NYT) — Some nations of NATO are ignoring the alliance's pledge to raise defense spending 3 percent this year, after inflation, Rep. Les Aspin, D-Wis., said yesterday.

Rep. Aspin said that Belgium, France, West Germany, Luxembourg, Norway and Britain planned to join the United States in raising spending 3 percent. He said that Canada, Denmark, Greece, Italy, the Netherlands, Portugal and Turkey would fall short of the figure, and added that Canada and Portugal planned reductions from present levels.

"It is now apparent that most of America's NATO allies have not kept their end of the bargain," Rep. Aspin said in a report.

His comments were similar to those of other members of Congress who have been displeased about what they have called a lack of commitment by several nations to the 3-percent pledge.

Sen. Sam Nunn, D-Ga., a specialist on NATO affairs, said: "I've always been frustrated that the Europeans haven't done enough. You have to deal with this on a country-by-country basis, though. You don't expect Turkey or Greece to meet 3-percent real growth. But I'd be hopeful that the larger countries — the West Germans, the British, the French — would meet this commitment."

The 13 European allies have to-

gether budgeted about \$75 billion for military spending. The prospective U.S. military budget is \$122.7 billion for the 1980 fiscal year, starting Oct. 1, an increase of more than 3 percent over last year, figuring inflation.

Rep. Aspin said in his report: "The failure of Turkey and Portugal to meet the mark comes as no surprise. The shortcomings of the others, who don't even approach 3-percent real growth, are something else entirely."

Switzerland Blocks

Cult's Bank Accounts

BERN, March 12 (UPI) — Swiss Justice Ministry officials said today that they had blocked all bank accounts opened by Peoples Temple leader James Jones and sect members, pending the outcome of an FBI investigation of the cult.

Mr. Jones and more than 900 of his followers committed mass suicide in Guyana Nov. 18. U.S. authorities said at the time that they believed that cult members had deposited at least \$10 million in Swiss bank accounts. The Swiss officials said that the U.S. Justice Department requested confiscation of the funds and details of all the accounts.

Explosion in Jordan

Kills 11, Injures 44

AMMAN, Jordan, March 12 (AP) — The explosion of a dynamite shack at a stone quarry near here killed 11 persons and injured 44 last night, officials said today. Many of the victims were women and children living in neighboring houses, five of which were demolished, the officials said.

Mexico to Sell New Fuel

Mexico City, March 12 (UPI)

A new kind of gasoline containing a high percentage of alcohol soon will go on sale in Mexico, the government news agency Notimex reported yesterday. The agency said that the new gasoline will reduce pollution.



MUSIC TO RUN BY — The Kirlian Quartet serenades the participants in the San Francisco Symphony Quarter-

Marathon Race in Golden Gate Park. Each of the 1,300 runners in the 6½-mile fund-raising event paid a \$5 entry fee.

Man Who Cited Irregularities Is Questioned

FBI Checks Loan-Deficit Charge Against Carter Firm

By Ted Gup

WASHINGTON, March 12 (UPI) — FBI agents interviewed Jimmy Hayes, a former bonded warehouseman for the Carter family peanut firm, for 90 minutes last night at his south Georgia home, according to special agent Ed Pistey of the Atlanta FBI office.

Afterward, Mr. Pistey said only that the two agents were returning to Atlanta "to analyze what we've got."

Mr. Hayes, in The Washington Post (IHT, March 12), was quoted as saying that he and Billy Carter, the president's brother, routinely altered records of the peanut warehouse and pledged the same collateral twice in an effort to conceal a \$300,000 deficit in payments on a National Bank of Georgia loan in 1976. Mr. Hayes had worked for an independent company that was supposed to watch over the bank's collateral — the peanuts stored in the warehouse.

Yesterday, before the interview, Mr. Pistey said, "We're going to question him about some of the information that was reported in The Washington Post. We want to explore the full breadth of what he has. He seems to be in possession of some information that indicates possible improper procedures."

Mr. Pistey said that the two agents were dispatched from Atlanta at the request of FBI headquarters in Washington. The bureau had not interviewed Mr. Hayes previously because its three-week investigation into the Carter warehouse loan had been only a "preliminary inquiry." "Admittedly, there were some loose ends we intend to tie up," Mr. Pistey said.

Mr. Hayes, 31, who now works at a car dealership and is a part-time preacher, said that the Carter

warehouse fell \$300,000 behind in the spring of 1976 on loan repayments to the bank.

According to Mr. Hayes, peanuts stored in the warehouse as collateral for the loan were released, in violation of the loan agreement's terms. To conceal the alleged deficit, Mr. Hayes said, dates were altered on warehouse receipts and on checks that were to repay the loan.

A recent bank audit disclosed that the Carter warehouse loan was in trouble in 1977, when President

Carter's interest in the warehouse was in a blind trust.

Mr. Hayes' account is the first indication that problems with the loan existed in 1976, before Mr. Carter was elected president, and before his 63-percent share was placed in the trust.

Special Prosecutor Is Urged

WASHINGTON, March 12 (UPI) — Senate Republican leader Howard Baker of Tennessee today urged President Carter to appoint a

special prosecutor to investigate the allegations involving the 1976 loan.

Sen. Robert Dole, R-Kan., yesterday called for the Justice Department to appoint a special prosecutor to investigate Mr. Hayes' allegations.

The Justice Department has been investigating the warehouse's finances, and a spokesman said last week that appointment of a prosecutor from outside the department is being considered as a possible "rather extraordinary step."

Challengers Face Long Odds

5 Losers Ask U.S. House to Decide Vote

WASHINGTON, March 12 (UPI) — Four months after the election, several candidates are still arguing about who won seats in the U.S. House of Representatives.

In addition to taking their cases to state or U.S. courts in their districts, five candidates have asked the House to decide who won their races.

The complaints are being handled by special House subcommittees, which have held preliminary hearings on three of the cases.

Four of the contests involve incumbents; the fifth is that of Rep. Beverly Byron, D-Md., who became a candidate after the death of her husband, Rep. Goodloe Byron.

Rep. Byron's Republican opponent was Melvin Perkins, 55, who has sought election unsuccessfully 17 times and who has filed as a candidate for the 1980 U.S. Senate race in Maryland. Mr. Perkins charged that there were irregularities in the way that Rep. Byron became a candidate, but a subcommittee recommended that his complaint be dismissed.

More serious challenges have arisen from elections in South Dakota and Louisiana, where the margins of victory were slim.

Rep. Thomas Daschle, D-S.D., was challenged by Leo Thorness, a Republican. The official canvass showed Rep. Daschle won by 14 votes, and the margin grew to 105 during recounts. But Mr. Thorness is disputing about 600 ballots, and the case is pending in the state Supreme Court.

Rep. Claude Leach, D-La., won by 266 votes in his race with Jimmy Wilson, a Republican; Mr. Wilson is claiming irregularities in the election.

A.A. Rayner, of Chicago, a Republican, is trying to overcome the 14,000-vote margin by which Rep. Bennett Stewart, D-Ill., won. Mr. Rayner, too, claims irregularities.

Debra Freeman, a U.S. Labor Party candidate received only 6,000 of 55,000 votes in a race against Rep. Parren Mitchell, D-Md. Rep. Mitchell's motion to dismiss that challenge is to be heard on Wednesday by a subcommittee.

U.S. Is Advised to Copy Europe With On-the-Spot Traffic Fines

WASHINGTON, March 12 (UPI) — A study for the Justice Department suggests that the United States look to Europe for innovations to improve judicial efficiency. The study, released yesterday, concludes that some cases should be handled by administrative rather than criminal tribunals, and that minor crimes should be decriminalized.

"If you decriminalize some of the relatively minor violations that are treated as crimes in the United States you solve a lot of problems," wrote William Felstiner, the University of Southern California professor who made the study for the Law Enforcement Assistance Administration.

European techniques reviewed included on-the-spot fines by police officers. Swiss officials estimate that about half of all traffic offenses are cleared immediately by police. In 1973, the equivalent of \$9,733,600 was collected under this system.

Swiss officials told Mr. Felstiner they did not believe that the cash system leads to police corruption. The report suggested that use of credit cards could inhibit corruption.

Belgian traffic offenders buy stamps equal in value to the fine, fix them to the violations notice and mail them to their traffic departments.

Mr. Felstiner advocated West Germany's use of negotiated pleas or penal orders, prepared by a prosecutor and approved by a judge, for misdemeanors. In these cases, no jail sentence can be imposed. A controversial "People's Court" in West Germany handles cases of workers caught committing criminal acts at their factories.

Scientists Ask Magazine To Halt H-Bomb Article
WASHINGTON, March 12 (AP) — A national group of scientists has asked Progressive magazine to halt plans for publishing an article on the workings of hydrogen bombs and to withdraw from a press-freedom battle with the government, the group's director said yesterday.

Substantial damage already has been done to the cause of keeping nuclear weapons under control, according to Jeremy Stone, director of the Federation of American Scientists. With the existence of the information now highly publicized, even if the magazine does not publish the article it could eventually surface through anyone with a mimeograph machine, he said.

Mr. Stone said that the group told editors of the Madison, Wis., magazine in a telegram: "Your effort to publish an article whose draft title was how a hydrogen bomb works is not in the interests of nonproliferation, but quite the reverse. A good deal of the damage may be irretrievable since there is a possibility that some other press or-

ganizations will secure and reprint any deletions you might make."

On Friday, a U.S. District Court judge in Milwaukee issued a 10-day restraining order against publication of the article and accompanying drawings which a Justice Department suit said would help other nations develop thermonuclear weaponry.

The magazine's editor, Edwin Knoll, has said that Progressive is opposed to militarism. He has also said that the proposed article contains some technical information which, "if you were a superpower, would show you how to do it [build a bomb]. But the superpowers already have that information."

Mr. Stone would not say whether he or any members of his group have seen the proposed article, but he said that in general articles like this have no socially redeeming value.

He said the group, founded in 1946 as the Federation of Atomic Scientists, represents several thousand scientists, including half the Nobel Prize winners in the United States. Its aim, he said, is to work for arms control and disarmament.

Les exécuteurs testamentaires de

Monsieur Carlos DE REUTER

ont le très grand plaisir d'annoncer à tous ses amis son décès survenu à Marrakech (Maroc) le 22 Février 1979.

Le défunt a prié ses exécuteurs testamentaires de remercier ses amis de leurs témoignages d'amitié et de l'affection avec laquelle ils l'ont entouré pendant de nombreuses années.

La cérémonie religieuse aura lieu à 10 heures le 20 MARS 1979, au Temple de COGNAC.

La sépulture suivra au cimetière de COGNAC.

Le défunt reposera dès le 14 Mars 1979 en la chambre mortuaire de Plainpalais, Rue des Rois.

Domicile: Me Denis Keller, Notaire
4, Cours de Rive - 1204 Genève.

STOP!
THIS IS THE PLACE YOU ARE LOOKING FOR IN PARIS

Best TAX-FREE EXPORT PRICES!

MICHEL SWISS
16, RUE DE LA PAIX

Phone: 261.71.71 (Ch. Floor, Elevator)

ALL PERFUMES • COSMETICS
BAGS • SCARVES • TIES
FASHION ACCESSORIES
FLAWLESS MAIL ORDER DEPARTMENT
FREE SAMPLES

Finansbanken
Copenhagen

13 1/2%

Bonds 1979-1986
50,000,000 Danish Kroner

Bonds are subordinate loan capital, issued in accordance with the Danish Commercial Banking Act.

Offering price: 100%

Subscription period: 1st March 1979 to 11th April 1979

Place for subscription: Finansbanken a/s, Copenhagen, and all branch offices throughout Denmark.

Information about Finansbanken:
Nature of business: Banking, in accordance with the Danish Commercial Banking Act.
Founded: 1958.
Assets: 2,885 million Danish Kroner.
Share capital, paid up: 100 million Danish Kroner.
Reserves: 108 million Danish Kroner.
Subordinate loan capital: 105 million Danish Kroner.
Net capital: 313 million Danish Kroner.
Number of shareholders: 37,000.

Honorary Chairman:
His Royal Highness Prince Peter of Greece and Denmark.

Board of Directors:
Alex Brask Thomsen, Chairman
Henning Vedsted Jakobsen
Merethe Stagetrom
Georg P. Kærfod

Head Office Copenhagen
Phone: (01) 21 22 22 Ext. 262
44 branches throughout Denmark

Description of the Bonds:
Repayment: 1st November 1986.
Quotation: An application has been filed with the Copenhagen Stock and Bond Exchange for daily quotation from 17th April 1979.
Payment of interest: Yearly, first time 1st November 1979, last time 1st November 1986, against coupons.
Denominations: Bonds are available in denominations of 1,000, 5,000 and 10,000 Danish Kroner.
Taxation: Neither capital nor interest deriving from the Bonds is subject to taxation in Denmark.
Over-subscription: In the event of over-subscription, Finansbanken reserves the right to distribute the amounts freely and at its discretion.
Safe keeping: Bonds can be placed in safe keeping with Finansbanken, free of charge, or mailed to the investor.

Finansbanken a/s
Vesterbrogade 9
DK-1501 Copenhagen V
Denmark

Please send me the Prospectus and Subscription Order Form, free of charge and without obligation on my part.

Name: _____
Address: _____
Country: _____

Finansbanken

مكتبة الامم المتحدة

Prices, Jobs and Oil

The U.S. economy is now expanding more strongly than most people, including the Carter administration, had expected. In the present peculiar climate, that's something to worry about. The economy is running very close to full capacity, and the administration's strategy is to slacken this rapid expansion for a time to reduce inflationary pressures. So far, the strategy isn't working. The economy is behaving like a car with a stuck accelerator, moving faster than is safe.

Employment is holding up nicely. The housing industry, that perennial weather-vane, is doing almost too well. Business profits are booming. And the inflation rate this winter has been startlingly and ominously high.

It's possible to argue that the sudden surge of price increases since the first of the year has been only a temporary phase — a mere blip on the chart. But inflation tends to be self-perpetuating as people try to raise wages to keep even with prices, and vice versa. These blips leave a severe impression on people who have been living amidst high inflation for six years, as Americans have, and are increasingly pessimistic about any early end to it. It will be harder than ever to persuade unions to settle for pay increases of 7 percent when all of the price statistics — most recently the wholesale price index, which rose 1 percent from January to February — imply an inflation rate that is higher than that by half again.

If things were following their customary course, the administration would now be wondering which brake to tighten. Should President Carter try to find cuts in the current budget? Or should the interest rates go up another half-notch?

But things aren't following the customary course. It seems likely that the present cycle of economic growth will be brought to an abrupt end by forces outside the United

States and beyond its control. Another drastic increase in oil prices lies directly ahead. It is not yet clear what the oil-exporting governments will do. They are still in the process of working toward decisions. But it is quite possible that the price of oil will go up this year by an amount only comparatively less bruising than in 1973-74.

In 1972, the last year before that crisis, this country spent \$4.7 billion for imported oil. In 1974, it spent \$26.6 billion. The economy then pitched into the most severe recession of the past generation. The unemployment rate reached nearly 9 percent or — to put it another way — from the spring of 1974 to the spring of 1975 the number of unemployed Americans rose by 3.6 million. It has never again gone back to pre-recession levels. Over the succeeding years, both the volumes and prices of oil imports have risen, and last year the cost came to \$42.3 billion. The Treasury Department suggested apprehensively the other day that this year the figure will be more than \$50 billion. In fact, the country will be lucky if it is not a great deal more than that.

A rising price of oil may well rescue the U.S. economy from overheating. But that cure would be even more inflationary than the disease. As the 1973-74 episode demonstrated, a sudden drastic rise in oil prices tends to raise both the inflation and unemployment rates simultaneously. You would have to concede that, over the past five years, Americans have not been very careful about protecting themselves from a repetition. Two months ago, the Carter administration's chief economic goal was to reduce the inflation rate substantially in 1979. Now it has been thrown on the defensive, and will have to struggle desperately in the months ahead merely to keep inflation from rising steadily higher.

THE WASHINGTON POST.

U.S. Action on Refugees

The moment is right for a change in the 27-year-old basic law setting the terms on which the United States fulfills one of its primary obligations to the international community and to its own ideals — taking in refugees. The president has the necessary commitment, and the relevant executive-branch departments, especially at the State Department and the Justice Department, have finally achieved the necessary consensus. On Capitol Hill, Sen. Edward Kennedy's ascent to the chairmanship of the Justice Committee eliminates a longstanding Senate bottleneck; and an essentially like-minded Elizabeth Holtzman now holds the key House Judiciary subcommittee chairmanship — Chairman Peter Rodino is supportive, too. They were consulted in the drafting of the new refugee bill the administration is submitting now.

The bill would alter the post-World War II era definition of refugee, one which favored people fleeing Communist countries (and the Middle East), and install a more universal standard based on uprootedness rather than ideology. The reason for this is not that henceforth the United States should trim its hospitality to refugees from Communist regimes, which still, after all, generate large numbers of refugees. The reason is that, in recent decades, Americans have sharpened their sensitivity to the plight of refugees created by other lands. It is a sad comment on the turbulence of contemporary politics that the refugee condition, stemming from a deep conflict between individuals and their homeland regimes, is as pervasive as it is. The United States, with its tradition of openness and its global political involvements, cannot fail to adjust its definition of refugee to these dismal new circumstances.

The new bill would not simply open the gates, though it likely will be attacked — disingenuously — on those grounds. A basic annual quota of 50,000 refugees would be set. This is about double the number of refugees who will arrive this year anyway; it is somewhat more than the 30-year average; it is barely 10 percent of regular legal immigration and a tiny fraction of the illegal flow. In other words, the numbers are nominal. Realistic studies show, moreover, that the economic burden imposed by arriving refugees is more than compensated for by the contribution they eventually make to their adopted land. The new bill would regularize financing of the federal share of the resettlement process.

The most controversial part of the new legislation will probably be its proposals for dividing power between the president and Congress when it comes to responding to emergency flows of refugees over the 50,000 line. These flows are inherently difficult to plan for but, once they happen, the uprooted people, adrift and often destitute, must be cared for expeditiously. If these two requirements, especially the second, are heeded, it should be possible to find a formula combining acceptable measures of executive flexibility and congressional control.

This new legislation would establish for the first time a comprehensive U.S. approach to refugee resettlement and assistance. Its aim is to ensure that U.S. refugee policy serves both the general national interests of the United States and the specific personal requirements of thousands of individuals in distress. Few bills worthier of support are likely to come before Congress this year.

THE WASHINGTON POST.

International Opinion

Europe's Missile Gap

There was a note of bravado in Chancellor Schmidt's over-optimistic statement in the crucial Bundestag debate last Friday on two aspects of defense that are as momentous for the rest of Europe as for West Germany. One was the growing external threat from new Soviet-based SS-20 missiles and Backfire nuclear-armed bombers. The other was the internal threat which the Christian Democrat opposition, and many others, see in the campaign led by Mr. Wehner, leader of Social Democrat Party, for more emphasis on political détente with the Soviet Union and less on technical military considerations. In short — although Mr. Wehner denied it — for

what looks ominously like a major shift towards neutralism.

Europe, said Mr. Schmidt, was the world's safest continent after Australia (this may alarm some Americans). He was convinced, he said, that the Soviet Union would act responsibly and did not want war. This is taking a lot on trust in view of the Soviet Union's already huge military superiority and the latest evidence of its unrelenting arms buildup.

Mr. Schmidt can also have no illusions about the danger arising from the new intermediate-range nuclear weapons, not only to all parts of Europe directly, but to NATO's whole strategy of deterrence.

— From the Daily Telegraph (London).

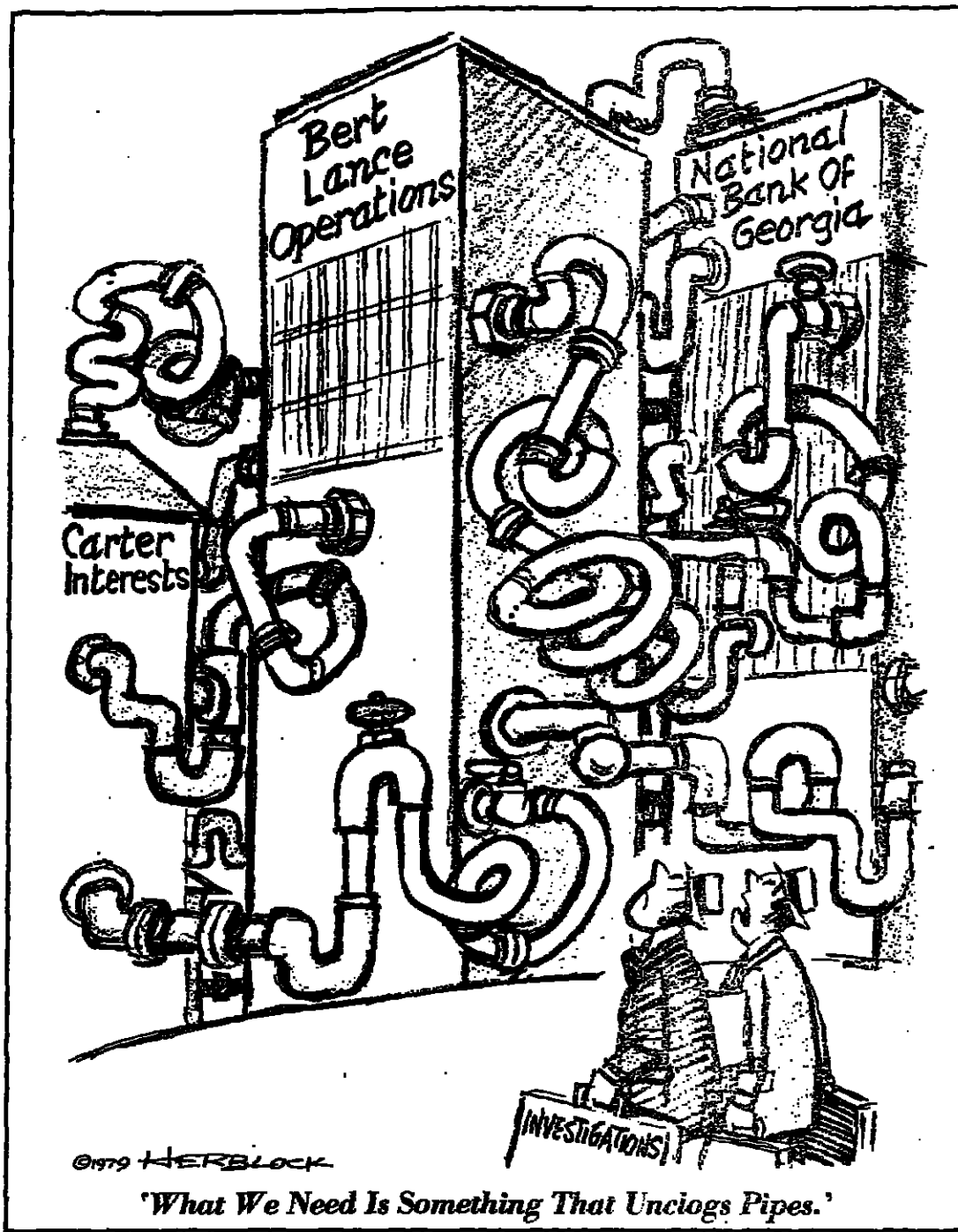
In the International Edition

Seventy-Five Years Ago March 13, 1904

BERLIN — The National Zeitung's reporter recounts the first bombardment of Port Arthur as follows: "Most of the Russian naval officers were on leave that night; the forts had no ammunition and, in spite of the seriousness of the situation, sentinels had no cartridges for their rifles. The firing began with a rush and a hissing of shells, a thunder and a crashing that made the earth tremble. We scrambled behind rocks to watch. The Japanese had estimated the battle-ships' range with incredible exactitude; their projectiles sending up columns of water 10 meters high."

Fifty Years Ago March 13, 1929

MADRID — The strike of Spanish university students against the dictatorship of Primo de Rivera broke into open riot this afternoon, and resulted in the serious wounding of one student and less grave injury to several others. Mounted police, with their sabers drawn and firing shots, charged groups of students. Motorists and taxi-cab drivers halted their vehicles in the Paseo de la Castellana and urged the students to take cover behind them when the shooting was taking place. Many protestors wish to abolish the right of Catholic universities to grant degrees.



Iran: Trusting Illusions

By Anthony Lewis

BOSTON — Shortly before Ayatollah Khomeini returned to Iran, he was visited in Paris by a U.S. group that included Ramsey Clark, the former attorney general, and Richard Falk, professor of international law at Princeton. The Americans came away from the meeting with reassuring words about the ayatollah's moderation and fairness.

"The depiction of him as fanatical, reactionary and the bearer of crude prejudices seems certainly and happily false," Falk wrote in The New York Times. He said that picture of Khomeini had been drawn in the United States in a calculated attempt to frighten people.

The U.S. press had "defamed" Khomeini, Falk wrote, attributing to him "efforts to turn the clock back 1,300 years," and to establish a "theocratic fascism." History did show the possibility of revolutionary zeal "degenerating into excess," Falk said, but in Iran there were "hopeful signs" to the contrary, "including the character and role of Ayatollah Khomeini."

'Encouraging'

"What is also encouraging," Falk said, "is that his entourage of close advisers is uniformly composed of moderate, progressive individuals." In this uncertain world any of us who makes firm predictions may be embarrassed: newspaper columnists included. But the description of Khomeini and the shadowy figures around him as "moderate" and "progressive," in the Western sense of those words, has turned out to be outstandingly silly.

Since taking power the ayatollah has set out, without equivocation or disguise, to turn the clock back and give Iran a theocratic regime. He has called, for example, for the dismantling of "all European criteria built into the judicial system." Among other things, then, there should be no appeals in civil or criminal cases: "Every hearing must end in a final, absolute decision in a single phase."

A number of generals and others charged with resisting the revolution have been executed after secret trials, under circumstances unknown even to the new government. Religious courts, set up outside the framework of the civil law, have sentenced people to flogging for such things as drinking liquor.

Why, then, did Falk expect anything different, or tell us to? I think he was carried away by opposition to the shah. He had long argued, correctly, that the shah was a tyrant who had lost the support of his people. In urging the end of U.S. backing for him, Falk was led to picture the alternative — the ayatollah — as congenial to U.S. liberal opinion.

To think that way is to forget a lesson of Vietnam. We went wrong there in large part because we tried to apply U.S. ideas, without understanding, to a very different cul-

ture. It was just as distorted to analyze the fundamentally Islamic revolution in Western terms. Falk was one of those who criticized U.S. support of a corrupt regime in Vietnam. But the point was not that the alternative was a government of Western liberals. It was that U.S. intervention was fruitless and destructive.

The illusion of U.S. omnipotence did terrible damage before it ended in Vietnam. But illusions of all kinds are dangerous in world politics. No one should have expected Iran under Khomeini to be comfortably liberal — or stable.

Then there is the case of Khomeini's premier, Mehdi Bazargan. Falk wrote last January that Bazargan, who had "a notable record of concern for human rights," also had "a strong, active sense of deference to the views and judgment of Ayatollah Khomeini." This was "not a matter of coercion," he said, but of natural "sensitivity to the values of Shiite Islam, including responsiveness to Ayatollah Khomeini's views."

Bazargan has in fact found his relationship with the ayatollah so difficult that he has twice threatened to resign. He has been distressed at learning of executions only after the event. He has said of the "committee of aides" around Khomeini: "They persecute people, they arrest people, they issue orders, they oppose us, they are against our appointments. Our day has been turned into night."

On the Record

None of this should have been any great surprise. Khomeini had put his views on the record with unusual forthrightness. He said he wanted Iran to be governed strictly by the laws of Islam, and he meant it.

Why, then, did Falk expect anything different, or tell us to? I think he was carried away by opposition to the shah. He had long argued, correctly, that the shah was a tyrant who had lost the support of his people. In urging the end of U.S. backing for him, Falk was led to picture the alternative — the ayatollah — as congenial to U.S. liberal opinion.

To think that way is to forget a lesson of Vietnam. We went wrong there in large part because we tried to apply U.S. ideas, without understanding, to a very different cul-

ture. It was just as distorted to analyze the fundamentally Islamic revolution in Western terms.

Falk was one of those who criticized U.S. support of a corrupt regime in Vietnam. But the point was not that the alternative was a government of Western liberals. It was that U.S. intervention was fruitless and destructive.

The illusion of U.S. omnipotence did terrible damage before it ended in Vietnam. But illusions of all kinds are dangerous in world politics. No one should have expected Iran under Khomeini to be comfortably liberal — or stable.

Then there is the case of Khomeini's premier, Mehdi Bazargan. Falk wrote last January that Bazargan, who had "a notable record of concern for human rights," also had "a strong, active sense of deference to the views and judgment of Ayatollah Khomeini."

This was "not a matter of coercion," he said, but of natural "sensitivity to the values of Shiite Islam, including responsiveness to Ayatollah Khomeini's views."

Bazargan has in fact found his relationship with the ayatollah so difficult that he has twice threatened to resign. He has been distressed at learning of executions only after the event. He has said of the "committee of aides" around Khomeini: "They persecute people, they arrest people, they issue orders, they oppose us, they are against our appointments. Our day has been turned into night."

Why is that? "Because we are letting everyone speak all over us," a 47-year-old auto mechanic told us. A 24-year-old carpenter expressed the same thought differently: "My opinion is that the country is going downhill."

Near Unanimity

Assisted by Caddell field supervisor Lyn Phelps, and pollsters Barb Mirabal and Phyllis Barish, we found near unanimity in this middle-income (\$19,000 average family income), heavily white suburb. Fifty voters held that President Carter and his administration could "do a lot more" to maintain the U.S. position in the world. Eight of the remaining 12 voters felt that Carter could do "something more," if he so desired, to restore U.S. influence around the world.

The despair surfaced in the following question: The way things

Mending Fences

Re James Reston's articles about Mexico (HT, Feb. 17-18) and the disastrous Carter visit:

Is it not about time for a completely new assessment of U.S. geopolitics? After the chain of recent and not so recent geopolitical disasters, would it not be a good idea if the United States started to mend its Latin American fences, not only in Mexico? Apart from being the logical market for the U.S. economy, the loss of even one more Latin American nation to the Soviet orbit could be the beginning of the end.

To end the inexplicable neglect of the last decades, a strong independent Latin American department should be created, preferably a fully independent Latin American ministry. And the man to head it should, of course, be Henry Kissinger. The pacification and unification in a common purpose of the American continent would be his crowning achievement.

JOAO G. W. HAHN.

National Security: The Graymail Caper

By Tom Wicker

NEW YORK — "National security" is a magic phrase behind which dubious deeds and policies have long been hidden, as the nation should have learned in the Pentagon Papers and Watergate cases. Now these marvelously adaptable words are being moved in a kind of "graymail" to enable government officials and others to avoid prosecution on criminal charges.

The latest graymail case came to an ignominious end last week when the Department of Justice dropped perjury charges against Edward J. Gerry Jr., a senior official of the International Telephone and Telegraph Corp., rather than suffer disclosure in court of what the department said was "classified national security information." Gerry had been charged with lying to a Senate investigating committee when he testified that he had no knowledge of cooperation between his company and the Central Intelligence Agency to block the election of Salvador Allende to the presidency of Chile.

No Contest

In earlier graymail cases, charges against Gerry's ITT associate Robert Berleze were dropped on similar national security grounds; and former CIA Director Richard Helms was allowed to plead no contest to a misdemeanor for much the same reason.

Attorneys for all three men insisted that in one respect a proper defense each would have to disclose national security information. In each case the government decided not to pursue the prosecution. This record causes widespread expectation that such graymail threats will be raised again in the cases of Patrick Gray and two other former officials of the FBI — and that the Department of Justice will yield again.

Sen. Frank Church, who had chaired the investigating committee, called the action in the Berleze case "outrageous" and charged that the department had acted upon "spurious" national security grounds. He repeated these charges after the Gerry case was dropped. Naturally, department spokesmen insisted that the information they had acted to protect really was important.

That is the first question about these cases: whether the information being protected from disclosure is truly sensitive or merely embarrassing to the government and some of its officials. A transcript of a secret court hearing in the Gerry case (named by persons unknown to The Nation magazine) suggests that the CIA feared that some of its paid agents in Chile would be named and that Hernan Cubillos,

Chile's present foreign minister, would be alleged to have been one of them.

Even if that were true, it's not clear that the information is so vital to national security that it justified what amounts to immunity from criminal charges for Helms and the ITT officials. And even if the government were prudently protecting legitimate national security information, the graymail defense would raise other difficult problems.

As Church pointed out, some government officials may now feel that they are "free to mislead Congress with impunity" as long as they can later claim that their defense against prosecution would require the disclosure of security information. Worse, security officials of the government may well be encouraged to engage in or order criminal acts, knowing that a graymail defense probably will head off prosecution.

Whatever the attitude of the Carter administration's Department of Justice, moreover, there's no guarantee that in some future administration there would not be active collusion between the security agencies and federal prosecutors to hide certain activities behind the screen of national security, thus immunizing those responsible.

At issue is not only government credibility, of which there is little enough now, but the principle of equal justice under the law. One proposed remedy, now being studied at the Department of Justice and in Congress, is legislation to provide for secret pre-trial hearings at which a judge could evaluate whether the security information at issue was truly relevant to the defense, or whether it could be legitimately excluded from evidence.

Leaks

But the possibility of hamstringing the legal defense of an accused person in a secret proceeding will not recommend this procedure to civil libertarians. The probability of leaks might make it similarly unwelcome to the security agencies.

A better answer would be found in a decision by the Justice Department to prosecute even when security information might be jeopardized — for example in the FBI cases. Most claims for the "sensitivity" and importance of such material are overblown anyway.

It would not take many such prosecutions to destroy any belief among officials that a national security claim would protect them from legal action. And whatever momentary security damage might be incurred would be well worth teaching the lesson that nobody has a license to commit crimes in the name of national security.

Despairing Americans

By Rowland Evans and Robert Novak

TORRANCE, Calif. — Despair over the decline of U.S. power compared to the Soviet Union is unmistakable in this pleasant Los Angeles county suburb of middle-income families who gave slightly more than half their votes to Jimmy Carter in the 1976 election.

By an astonishing 98 percent, the 62 registered voters we interviewed — with the help of experts from Pat Caddell's Cambridge Survey Research — said that the United States has been in steady decline. More important, 98 percent also agreed that this perceived decline would continue over at least the next 10 years.

Why is that? "Because we are letting everyone speak all over us," a 47-year-old auto mechanic told us. A 24-year-old carpenter expressed the same thought differently: "My opinion is that the country is going downhill."

Near Unanimity

Assisted by Caddell field supervisor Lyn Phelps, and pollsters Barb Mirabal and Phyllis Barish, we found near unanimity in this middle-income (\$19,000 average family income), heavily white suburb. Fifty voters held that President Carter and his administration could "do a lot more" to maintain the U.S. position in the world. Eight of the remaining 12 voters felt that Carter could do "something more," if he so desired, to restore U.S. influence around the world.

The despair surfaced in the following question: The way things

are going today, do you think the Soviet Union will be stronger or weaker compared to the United States 10 years from now? Of 23 Carter voters, only one had enough confidence in their president to answer "weaker." Of the 39 voters who voted for Jerry Ford or have forgotten how they voted, all replied that Moscow would be relatively "stronger" than it is today.

Not since we started interviewing voters nearly 16 months ago has there been such monolithic agreement on an issue so politically explosive. Significantly, the pessimism expressed about the Carter administration changing the downward course of U.S. power does not apply to other major issues facing the president — and the voters of Torrance. Asked whether the administration "can control" inflation, these voters, by 4-to-1, said inflation definitely is controllable and implied they think it will be controlled.

Disapproval

But on Carter's recent efforts abroad, disapproval outweighed approval. Negotiations for a new strategic arms limitation agreement (SALT-2) with the Russians got less than 25 percent approval; Carter's conduct during the Iranian crisis less than 20 percent, and his diplomacy on the recent Mexico City trip about the same. Only nearly half of the voters perceived more "approvals" than "disapprovals."

The White House is known to be deeply disturbed by its own secret voter surveys showing politically damaging concern over the perceived decline of the United States. The president dispatched the aircraft carrier Constellation to the Indian Ocean, without knowing its exact destination — intent on getting a badly needed headline.

Such imagery is not likely to make much of a dent in the percep-

tions of the voters here. Those perceptions have congealed to a point requiring extensive political surgery. "Every administration back to Kennedy seems to have made a decision to make our country weaker," a 32-year-old foreman at Western Airlines said. "President Carter doesn't seem to be informed about what is going on."

Decline of Dollar

We also found a surprising correlation between the perceived decline of military and political power and the decline of the dollar, a connection that Gov. Edmund G. Brown continuously emphasizes in his national campaign for a balanced-budget constitutional amendment. "Our dollar is declining," said a 51-year-old line assembler. "That is hurting our economy and that is making us look weak in foreign countries. We need a new dollar and a new foreign policy."

But judging from the despair expressed so vividly and with such near unanimity by the citizens of Torrance, not even an Egypt-Israel peace treaty will be more than a blip in the downward graph line of the role of the United States in the world. That helps explain why Republican presidential candidates are suddenly so interested in world affairs.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

الشرق الأوسط



Enrico Berlinguer at a Communist Party session yesterday.

Christian Democrats Discuss Early Election in Italy

ROME, March 12 (UPI) — Christian Democratic Party leaders for the first time today began talking openly about the need for an early national election. The statements were made only hours after premier-designate Giulio Andreotti went to Paris for a European summit conference.

Political experts predicted that the party leaders' statements about early elections would undercut Mr. Andreotti's chances of forming a government with support in the parliament.

"It's useless to lose time in fruitless negotiations in a moment when the Communists, with their impractical ultimatum to the Christian Democrats, have clearly embarked on the road of opposition," said Luigi Granelli,

a member of the Christian Democratic directorate. "The next word should go as quickly as possible to parliament where each party has to openly assume its responsibility," said Mr. Granelli, a member of the party's conservative wing.

During the weekend, Communist Party leader Enrico Berlinguer issued conditions that the Christian Democrats would have to satisfy to obtain his party's support. The Christian Democrats had ruled with support from the Communists since 1976 but refused to give them cabinet seats.

Mr. Andreotti, who was to spend two days in Paris, planned to resume political negotiations

on Wednesday, but politicians said that he had virtually no chance of forming a government that would stand a parliamentary vote of confidence.

Buy they said that Mr. Andreotti, whose previous minority Christian Democratic government fell on Jan. 31, apparently was planning to form a government and take it before parliament anyway. If, as is likely, such a government failed to receive parliament's confidence, it would lead the nation through the elections, the politicians said.

Christian Democratic president Flaminio Piccoli, in an interview published in the leftist magazine L'Espresso, said that the election campaign would be bitter and short.

Cites 150 Cases of Mistreatment

Ulster Police Surgeon Alleges Brutality

By Leonard Downie Jr.

LONDON, March 12 (WP) — A Northern Ireland police surgeon has revealed that 150 to 160 suspected IRA terrorists he examined in police custody during the last three years were beaten and "physically ill-treated" while being interrogated by police in Belfast.

In a television interview yesterday, Dr. Robert Irwin said that he

was disturbed by the injuries he found after prisoners were questioned by the Royal Ulster Constabulary at its Castlereagh interrogation center in Belfast.

"I've seen five ruptured eardrums," Dr. Irwin said. "I have seen two injuries to bones of the forearm. . . I have seen joint injuries in both the wrist and to the little joints in the fingers which have

been caused by squeezing the hand or by twisting the fingers.

Dr. Irwin said that these are injuries that could not have been self-inflicted, as the authorities in Northern Ireland sometimes have claimed.

'Blow With Force'

"Ruptured eardrums, I would say, being one of the most serious injuries, could not possibly be self-inflicted," he said. "There is not enough leverage in one person's arm to rupture their own ear drums, and falling about does not produce a ruptured eardrum. It can only be produced by a blow with force from somebody else."

"Also, some of the sites of some of the injuries would defy even a contortionist to produce the injuries. And the extent of the bruising that has been seen on occasions indicates that considerable force had been used from some other source."

His public statements corroborate an Amnesty International report last summer that detailed 78 cases of alleged brutality suffered by suspected terrorists in police custody in Ulster. Amnesty International complained repeatedly in the report that authorities would not allow access to police surgeons or their records.

The report prompted the British government to establish a committee headed by a noted judge to investigate these allegations and report on interrogation methods. The committee's inquiry is finished and its report is being reviewed by Britain's Northern Ireland secretary, Roy Mason, before release later this month. A spokesman for the Northern Ireland Office said that he could not comment on Dr. Irwin's statements or on reports that the investigating committee has found that Ulster police interrogation methods "leave a lot to be desired."

Dr. Irwin, an official of the Association of Police Surgeons of Great Britain, said that he will resign if the committee's report does not acknowledge the mistreatment he has found. He also said that he would urge the other 600 police surgeons in Britain to walk out in protest.

Charge Called One-Sided

LONDON, March 12 (AP) — The British government dismissed the charge as "one-sided" but said that it probably would be investigated.

A spokesman for the Northern Ireland Office said: "This predictable one-sided program takes a set of allegations by a doctor, adds to them a set of opinions by lawyers and comes up with another thinly disguised attack on the Royal Ulster Constabulary."

The spokesman said that the program failed to mention terrorist murders, torture, bombings and maimings as violations of human rights. He added that the views of many doctors and lawyers "who hold views contrary to those expressed in the program" were not reflected.

U.S. Lobbying Group Elects a President

PARIS, March 12 (IHT) — George Martin Jr. has been elected president of the Association of Americans Resident Overseas, an organization that lobbies for citizenship and voting rights, tax equality, and Medicare for U.S. citizens who live abroad. The Paris-based organization claims 600 members in 31 countries.

Mr. Martin, 36, is resident partner in the Paris office of Mudge, Rose, Guthrie and Alexander, a New York law firm.

On Independence Process

5 Western Nations Set All-Party Namibia Talks

UNITED NATIONS, N.Y., March 12 (AP) — The foreign ministers of the five Western nations working toward settlement of the South-West Africa (Namibia) issue have invited representatives of all parties involved to attend preliminary talks here next week. U.S. spokesmen announced today.

In recent days it has become apparent that a number of concerns must be resolved before the United Nations can arrive in Namibia, according to a statement by the U.S. mission. UN peace-keeping forces and administrators are scheduled to enter the territory to begin the required seven-month process to independence after a cease-fire.

The five governments, the announcement said, believe it is important that these issues be resolved quickly, and the foreign ministers of the five have invited the foreign minister of South Africa,

the president of the South-West Africa People's Organization (SWAPO), and the foreign ministers of the Front-line states — Angola, Botswana, Mozambique, Tanzania and Zambia — and Nigeria to attend the talks scheduled for Monday and Tuesday. The five Western governments are Canada, France, West Germany, Britain and the United States.

UN Secretary-General Kurt Waldheim will be available for consultations, the announcement said. A similar meeting was held here a year ago, a U.S. spokesman said. He said he believed that any political or religious representative involved would be able to meet with representatives of the Western group.

The invitation was extended following South Africa's charges last week that the United Nations is deviating from an agreement made last April on UN supervision of Namibian independence elections.

12 SWAPO Bases Said Destroyed

WINDHOEK, South-West Africa, March 12 (AP) — South African security forces destroyed last week 12 Namibian black nationalist guerrilla bases in less than 60 hours of attacks inside Angola and Zambia last week, Maj. Gen. Jannie Geldenhuys, the commanding officer in South-West Africa said today.

A joint army and air force operation against SWAPO bases was launched last Tuesday following an increase in "terrorist" activity against the northern South-West African population and two attacks on army bases in the operation area, Gen. Geldenhuys said. He said there were no casualties to the South African forces.

200 Moslems Reported Slain in Chad

NDJAMENA, Chad, March 12 (AP) — At least 200 Moslems have been killed in two southern villages in the second massacre in Chad in 10 days, according to informed sources.

The killings occurred Friday in the villages of Koumra and Moissala, 60 miles from the city of Sarh near the border with the Central African Empire, the sources said.

Moslem leaders in the villages blamed the killings on the forces of Lt. Col. Wadal Kamougue, loyal to President Felix Malloum, the sources said.

Ten days ago, 800 Moslems were slaughtered in and around Moundou, the nation's third largest city, in the heart of Chad's densely populated, predominantly Christian south.

Forces loyal to Mr. Malloum, who represents the

southern Christians, who have ruled this desert nation since independence from France in 1960, have been locked in a five-week civil war with Premier Hissene Habre's Moslem forces from the north.

A shaky cease-fire, endorsed by more than 2,000 French troops and a newly formed Nigerian peace-keeping force, broke yesterday when the rival forces exchanged gunfire here.

About 280 Europeans, most of them French, left Chad during the weekend in the continuing exodus of foreigners. Western officials estimated that at most there were 300 to 400 foreigners left, mostly technicians and missionaries, who have chosen to stay.

A so-called conference of reconciliation opened Saturday in Kano, Nigeria, attended by representatives of Mr. Malloum, Mr. Habre,

Donald Power, 79, Former Chairman of GT&E, Dies

COLUMBUS, Ohio, March 12 (AP) — Donald Power, 79, retired chairman of General Telephone and Electronics Corp., died yesterday at his home in Galloway, Ohio, after a long illness.

Mr. Power was named chairman and chief executive officer of GT&E in March, 1959. He retired as chief executive officer in 1966. Mr. Power, an Ohio native, grad-

uated from Ohio State University in 1922. He was a lawyer in Columbus and served as an assistant state attorney general and an attorney for the Public Utilities Commission of Ohio from 1933 to 1936.

He also taught at Ohio State from 1932 to 1939 and was a former chairman of the university's board of trustees. Mr. Power was

secretary to former Ohio Gov. John Bricker from 1939 to 1943.

Florence Brobeck

NEW YORK, March 12 (AP) — Florence Brobeck, 84, the women's editor of the New York Herald Tribune in the 1940s, died on Saturday.

Polish Bishops Ask Pope to Visit

VATICAN CITY, March 12 (AP) — Pope John Paul II has received an official invitation from Poland's bishops to visit his homeland on the occasion of the 900th anniversary of the martyrdom of the Polish patron saint, St. Stanislaw, this year.

The Vatican today said that the invitation was handed to the pope by a delegation of three Polish bishops whom he received in audience yesterday.

The Vatican had announced earlier this month that the pope would visit the cities of Warsaw, Gniezno, Czestochowa, and his former diocese of Cracow June 2-10.

International Herald Tribune

What Sophisticated Europeans have in common.

Airbus: L'avion d'aujourd'hui.



Airbus: the aircraft for today. The Airbus was designed for you, the contemporary traveller.

On short and medium-range flights, you care about comfort. The Airbus delivers it with two broad aisles for easy movement, comfortable seats with more leg-room, wider doors and bigger overhead storage compartments for your carry-on bags.

Your tranquility is assured on the Airbus too: the only audible sound is a quiet hum; the lighting and decor are reposeful; the flight itself is exceptionally stable.

The great satisfaction of Air France passengers, who were the first to travel aboard the aircraft, helped convince other airlines around the world to buy the Airbus.

The Air France Airbus network is rapidly growing, now serving many of our European, African and Middle Eastern routes. Take a ride on success: the Airbus. The aircraft designed for today's travel.

AIR FRANCE

The best of France to all the world.

Smith to Stand In Rhodesia Vote

SALISBURY, Rhodesia, March 12 (Reuters) — Prime Minister Ian Smith will stand in next month's elections for Rhodesia's first black-dominated House of Assembly, his Rhodesian Front party announced today.

The announcement was interpreted as signifying that Mr. Smith planned to join the postelection Cabinet, which is to be a "government of national unity" under a black prime minister.

The House, which must approve the government, is to have 72 black and 28 white members.

Belgian Airline Plans Cheap Flights to N.Y.

OSTEND, Belgium, March 12 (AP) — Van Hoek Aviation, a charter airline, said today that it would start transatlantic service May 14 between this seaside city and New York.

A company spokesman said that it would start with weekly round-trip flights using Boeing 707s for 9,000 Belgian francs (about \$300).

Oman Rebels Say Egypt Sent Force

BEIRUT, March 12 (UPI) — An Omani guerrilla group charged today that Egypt had sent at least 5,000 troops to Oman since January to replace withdrawing Iranian forces.

Mohammed Abdullah Hussein, a spokesman for the Popular Front for the Liberation of Oman, said that Egyptian forces have taken positions where Iranian forces withdrew in Habarut, Sarfait and Hyroun in the south of the sultanate. Egypt officially denied last month that it had sent troops to Oman.

In December, 1975, Sultan Qaboos bin Said of Oman announced that a rebellion led by the Popular Front in southern Dhofar province had been put down. This was done with the aid of several thousand Iranian troops and British military advisers. But since the revolution in Iran, the Iranian forces have been pulled out of the sultanate, located at the outlet of the Gulf at the Strait of Hormuz.

Dance

A Lavish, Classical 'Rosalinda'

By Noel Goodwin
LONDON, March 12 (IHT) — At times there looks to be more storytelling than dancing in the three-act ballet "Rosalinda," a three-act ballet by Ronald Hynd derived from the eponymous Johann Strauss opera, "Die Fledermaus." Hynd originally staged it last year for the PACT Ballet in Johannesburg. Its first European production opened the London company's metropolitan season (through March 31) at the Dominion Theatre, which has been reclaimed for live performances after long years as a movie house.

Whether frivolity can always be equated with popularity in ballet is debatable, but "Rosalinda" is presented as a lavish classical ballet that makes few demands on its audience, except perhaps in sorting out the twists of intrigue involved, especially for those who may not know their "Fledermaus."

Hynd follows the 1929 precedent of Max Reinhardt in using the overture to show the reason for batman Falke's desire for revenge on his friend Eisenstein, which is the motivation for all the rest. And yet the way that this is done only confuses the basic issue by seeming to put the guilt on the wrong person.

It is followed by a first act filled with continuous comings and goings in the Eisenstein household, the production attractively updated to the 1920s by Peter Docherty's designs. Amid long stretches of plot-weaving, the highlight is an ingenious pas de deux for Rosalinda

with her old flame Alfredo — here a paunchy Neapolitan violinist instead of an operatic tenor — in which he even lifts her on one shoulder with hardly a break in his pretense of playing the violin.

Act 2 sheds the bored young Prince Orlofsky altogether; instead, the party is Falke's. The act almost choreographs itself on the familiar Strauss music, except that the "Du und Du" waltz tune is held over for a reconciliation pas de deux for Rosalinda and her husband (effectively crafted by Hynd) in the prison scene of Act 3.

John Lauchberry's musical adaptation, which worked so well for Hynd in his earlier "Merry Widow" for the Australian Ballet, and even better for Peter Darrell's "Tales of Hoffmann" for the Scottish Ballet, unfortunately makes musical mince-meat of Strauss. Familiar tunes are chopped up and mixed with one another to such an extent that the effect is restless and often charming, despite the attentive conducting of Terence Kern.

The first of several casts was led by Patricia Ruanne, whose Rosalinda has a fine technique and shrewd character under the surface image of a dizzy blond flapper. I enjoyed Carole Hill's Peri Adele, and Kenn Wells in a splendid solo as the drunken jester, but Jonas Kage (Eisenstein) and Nicholas Johnson (Falke) had little more than puppet character. "Rosalinda" is a sugarcandy ballet, much dependent on Johann Strauss for flavor.

The Scottish Ballet at the Theatre Royal, Glasgow, has tried a different approach to box-office appeal with a triple bill in which the artistic director, Peter Darrell, matches his talent to Duke Ellington, and two other choreographers have collaborated with composers associated with leading pop-music groups.

Translated from the synthesizer on which they were written to the standard pit orchestra, both of the latter scores sound like impressionistic tone-poems, hardly likely

'Fidelio' Sellout

GLYNDEBOURNE, England (AP) — Despite top prices of £15 to £17.50 (\$30 to \$35), tickets for all 12 performances of Glyndebourne Festival Opera's new "Fidelio" are already sold out. Public booking for the internationally renowned summer opera festival opens April 2, but organizers said patrons have already over-subscribed to tickets for Beethoven's masterpiece.

Engineering and Contracting Company with wide-ranging activities abroad is seeking

SECRETARIES and RECEPTIONISTS.

We need competent young ladies with several years' experience. Applicants should be German nationals with a working knowledge of English. Salary commensurate with qualifications and experience.

Please send C.V. to **GUSTAV PEGEL & SOHN** Personnel Department, Motzener Strasse 1089 Berlin 48, quoting reference number 271.

PEGEL & SOHN since 1926
Motzener Strasse 1089 Berlin 48

INTERNATIONAL EXECUTIVE OPPORTUNITIES

La Cicogna it's a child's world.

A leading European firm, with a chain of stores selling beautiful children's clothes and shoes from birth up to 12 years of age, maternity wear, toys and accessories, is expanding in Great Britain and requires managers for its second prestigious store in Sloane Street, London, and for others which are shortly to be opened.

Perfect English and knowledge of Italian are required together with experience in clothing market ideally in children's wear.

Excellent salary according to qualifications. Please write giving full details of career to date to:

la cicogna

Dr. M. Rosanigo
Via di Boccea, 496 - 00166 Rome, Italy

IMPORTANTE SOCIETE FRANCAISE specialisee dans la production de Matériels Electroniques recherche

Chef de Service Achats

La candidate retenue aura pour première mission la création d'un réseau d'importation de composants électroniques et électroniques.

Il devra en particulier posséder une parfaite connaissance du marché Américain.

Une expérience minimum d'acheteur de 10 ans et plusieurs années passées chez un constructeur Américain seront exigées.

Fraquentes voyages à l'étranger.

Rémunération élevée.

Adresser lettre manuscrite avec CV, photo et prétentions sous no 1939 à CONTEXTE Publicité 20, avenue de l'Opéra 75040 Paris Cedex 01, qui transmettra.

INTERNATIONAL BELGIAN CO. SEEKS SALESMEN

To visit Jewellery and Furniture stores with an imported and exclusive article that has a big selling success in Germany.

Salesmen wanted for France, Holland, Luxembourg, Italy, the United Kingdom, Germany and the U.S.A.

Very big profits to be made.

Please write in confidence: **CARIARI CO.** Heidestrasse 156 3540 - Zolder, Belgium.

Telex - Telecommunications Supervisor

fully bilingual French/English

Excellent references.

SEEKING EMPLOYMENT

— For supervision of hiring and training operators, budget, files communications.

— For installation/operation of all type of Equipment Telex, Telefax, Teletype, Teletext, Teleprinter, Electronic message computer system.

WRITE UNDER REFERENCE NO 1231 ConTEXTE Publicité, 20 Av. Opéra 75040 Paris Cedex 01 who will forward.

PURCHASING MANAGER

17 years experience with U.S. Multinational Manufacturing Companies, widely used Consumer Products; Cleaning Gums, Confectionery, Italian Pastas; Sanitary Napkins, Personal Hygiene, Pharmaceutical, Medical Products, Surface Cleaning, etc.

French, Spanish, Arabic. Seeks position Europe, Greece or Middle East.

Write: Box D 1200, Herald Tribune, 92201 Neuilly Cedex, France.

The "International Executive Opportunities"

appears

Tuesdays, Thursdays & Saturdays

Overseas Employment SAUDI ARABIA

MANAGERS • INSTRUCTORS REPAIR TECHNICIANS

Major company with over 6 years of proven experience operating a Logistics Program seeks personnel with recent U.S. military experience. We offer an attractive salary and contract completion bonus in addition to twenty days annual leave which includes round-trip air transportation home. Annual rest leave of ten days is provided with a round-trip ticket to Athens, Greece. Company provides free quarters and medical care plus a recreational program and company sponsored and managed dining facilities.

To assist in training and operating the Modern Ordnance Logistics Program, we need Maintenance Managers, Tank & Automotive Rebuild Personnel, Supply Managers, Ordnance Instructors, Power Generator Operators/Repairers, Financial Managers, Logistics Analysts, Training Managers, EDP (IBM) Programmers, Radar/Tow/Target Missile System Repairers, Foreign Military Sales Personnel, and Turret/Artillery Repairers.

U.S. Citizens please send resume or letter of interest to:

Box D 1,304, Herald Tribune, 92200 Neuilly, France.

An Equal Opportunity Employer M/F

Dining Out

A Stylish Skyline Restaurant in Paris

By Naomi Barry

PARIS, March 12 (IHT) — The rooftops and chimney pots of this city are famous; the skyline restaurants are surprisingly few.

The most stellar is the three-star Tour d'Argent, which rose from street level to its present sixth-floor premises in 1936. From there, diners can savor Claude Terrail's latest creation — duck with mango — and gaze upon the sublime rear of Notre Dame.

The most touristed is En Plein Ciel on the first landing of the Eiffel Tower. There is an apocryphal story about the man who launched this place, not for love of the cuisine, but because it was the only place in Paris that he could go without seeing the tower.

In between is Le Toit de Paris atop the Paris Hilton, which provides the possibility of dinner and dancing plus a picture-window bar.

The most lofty is the Ciel de Paris on the 56th floor of the Tour Maine-Montparnasse.

Surprising

The most surprising, most personal, and the latest to take to the heights is the seventh-floor Morot-Gaudry, crowning an otherwise-modest building in the 15th arrondissement.

Jean-Pierre Morot-Gaudry chose the location (to say that it is off the beaten track is an understatement) for his restaurant, which opened 15 months ago, because he wanted space for a comfortably large kitchen, space for a dining room with the luxury of round tables only, and space for an agreeable apartment not too far from his stove. By taking the entire top floor of a building, he found the answer to his three wants. The bonus is a view over Paris, including the ubiquitous Eiffel Tower.

Morot-Gaudry, who last year was judged the best restaurateur-sommelier of Paris and the Ile de France by the revue Vins de France, has a staggering wine list — 60,000 bottles of carefully selected quality. For the next few years, he intends to put any profits that he makes back into his cellar.

Entries on the long wine list that are marked with red are being held back for maturing. Thus, customers know that the Haut-Brion 1973, '74 and '75 will go on sale when the proprietor feels they have properly developed. If a magnum of Gruaud-Larose 1953 is priced at 1,200 francs, primarily it is

because Morot-Gaudry hopes to keep it as a museum piece. There is a sizeable selection of connoisseur wines, however, for less than 100 francs a bottle, in addition to the many "way up there." All of the prices include the service and taxes that so often add shock value to the end of a meal.

Down on the Farm

Although Morot-Gaudry is considered part of the nouvelle cuisine band, his stylish menu regularly offers some down-on-the-farm dishes that are unusual in a Paris restaurant of this category. The eyes of certain successful French businessmen brim with tears of nostalgia when they are faced with some of these rusticities, whose traditional rudeness has been refined away without affecting the deep-country aroma.

The chef describes a rural hors d'oeuvre of minced oxtail flavored with tarragon and dill as "corned beef ameliorated." He does an opening salad of calf's foot *en julienne*, which would certainly astonish the folks back in the Sarthe with its inclusion of kumquats and limes. Sweetbreads braised with kidneys and testicles of the Gallic coq, along with his combs (regarded as a summit in the "little nothings" department), may have been French Provincial, provided we are talking about the tables of the chateaux in Louis XIV's time.

Morot-Gaudry deplors the disappearance of eggs from the menus of good restaurants and has revived an excellent Burgundy specialty — eggs poached in a reduced-wine sauce. And when last have we been faced with a main course so good-humoredly as a ragout of beef cheeks heartily prepared with an Alsatian Pinot?

For city mouse, Morot-Gaudry has dishes that don't demand a palate all that nurtured in the provinces. Coquilles St. Jacques in a coulis of their coral, roast saddle of lamb with a mousse of water-cress, crayfish salad sprinkled with truffle juice, filet of duck with apples and prunes.

There are a number of desserts; you can have a sampling of all of them on a single plate as a matter of course.

Morot-Gaudry, 8 rue de la Cavalerie, Paris 15. Tel. 567.06.83. Closed Sunday, Monday and in July. Average price: 100 francs for food. With the wine list, you can go sky high.

Jazz and Pop

'American Dream' Of Jim Morrison

By Michael Zwerin



Jim Morrison

PARIS, March 12 (IHT) — The words "poet" and "genius" are used promiscuously in the pop-music world, which suffers from habitual overdose of superlatives. There just might be some justification for both words, however, in connection with the late Jim Morrison, judging from a new record and book (in English and French), both titled "An American Dream."

The book collects Morrison's lyrics, translated by Herve Muller, a critic for the newspaper Le Matin. The record features Morrison reciting and singing them in spirited, sometimes raucously live performances with the Doors, the rock group that he founded. His lyrics had a way of catching the spirit of the '60s without learning old clichés ("Hello, I love you, won't you tell me your name . . .").

He lived hard, as a rock star was expected to in the '60s. In 1971, at the age of 27, he came to Paris to recuperate and to write poetry and died here a few months later of an apparent heart attack.

Buried in Pere Lachaise cemetery along with Edith Piaf and Maurice Chevalier and other French heroes, Morrison has become a prime cult figure in France, and it is appropriate that his verses should be published for the first time in book form in this country.

A few random stanzas:

We're perched headlong on the edge of boredom.
We're reaching for death on the end of a candle.
We're trying for something that's already found us . . .

Let me tell you about heartache and the loss of God.
Wandering, wandering in hopeless night.
Out here in the perimeter there are no stars . . .

Enter again the sweet forest.
Enter the hot dream.
Come with us.
Everything is broken up and dances.

Chet Baker, Ron Carter, Billy Cobham, Larry Coryell and Hubert Laws were in Paris last week to record the sound track for the film "Flic ou Voyou," starring Jean-Paul Belmondo, which opens on the Champs-Elysees on March 28. It will be released as an album later this year.

Joachim Berendt's book "Photo

Story des Jazz" is written in German, but the 370 photographs need no translation. Comprising about 80 percent of the book's space, they are an eclectic selection richly reproduced on thick, glossy, large-format paper. The ambience of the music is recorded here about as well as possible without sound.

Horace Silver, the pianist and composer of such standards as "Fifth Madness," "The Preacher," and "Senior Blues," is one of the few jazz musicians with enough personality to neutralize stylistic definitions. His extended lines wailing over their heavily accented rhythmic foundations are one definition of funk, and they have not dated.

Silver's current formation — he has been leading a small band since the '50s — began a three-week European tour at the Festival du Son on Saturday. It features Harold White, a fine drummer, and a tenor sax-trumpet front line that, while competent enough, tends to be facile in its solos. This only serves to accentuate the irresistible force of the leader.

The Art Ensemble of Chicago played to an overflowing house at the Theatre National de l'Est Parisien yesterday. "Free" jazz is at once easier and harder than Broadway song forms; almost anything goes, but at the same time, the musicians have to create their own form. The Art Ensemble's free constructions are so formal that they are almost no longer "free." They bring collective improvisation to a high level.

banque de l'indochine et de suez INDOSUEZ

Head Office
96, Bd. Haussmann
75008 PARIS
tel. 266-20-20

Central Office
44, rue de Courcelles
75008 PARIS
tel. 766-52-12

Asian Network

JAPAN BRANCHES

• TOKYO - French Bank Building Minato-Ku, Akasaka 1, Chome 1-2 P.O. Box 314 - Tokyo Central Tel.: 582-0271

• OSAKA - Kintetsu Honmachi Building 28-1 Honmachi 4 - Chome, Higashi-Ku C.P.O. Box 1374 - Osaka Tel.: 251-4491

• TOKYO - REPRESENTATIVE OFFICE - French Bank Building Minato-Ku, Akasaka 1, Chome 1-2 P.O. Box 736 - Tokyo Central Tel.: 582-1851

• SOUTH KOREA Seoul

• HONG KONG Hong Kong

• PHILIPPINES Manila

• THAILAND Bangkok

• MALAYSIA Kuala Lumpur

• SINGAPORE Singapore

• INDONESIA Jakarta

Branches and Representative Offices

FRANCE
+ 11 provincial branches at Antibes, Bordeaux, Cannes, Grenoble, Lille, Lyon, Marseille, Nancy, Nantes, Nice, Toulouse.

GIBRALTAR
Gibraltar

NEW CALEDONIA
Noumea + 22 offices

PHILIPPINES
Manila

SINGAPORE
Singapore

SOUTH KOREA
Seoul

SPAIN
Madrid

SWITZERLAND
Lausanne, Lugano

THAILAND
Bangkok + 1 office

UNITED ARAB EMIRATES
Dubai, Sharjah

UNITED STATES
Chicago, Houston

SRI LANKA
Colombo

VENEZUELA
Caracas

WALLIS ET FUTUNA
Mata Utu

YEMEN
Hodeidah, Sana'a, Taiz

13550

日本

A Special Report

INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
PARIS, MARCH, 1979

Focus on Japan

Venturing Into New Markets and Coping With the Surplus

\$40 Billion of 'Anti-Hegemonism'

Peace Treaty With China Mixes Trade and Politics

By Rene Lebowitz

TOKYO (IHT) — In 1978, Japan uttered the magic word "anti-hegemonism" and saw the doors of China swing wide open. Even before Foreign Minister Sunao Sonoda signed his name above the controversial Sino-Japanese Treaty of Peace and Friendship last Aug. 12, Japanese private missions brought home long-term trade agreements from Peking that promised up to \$40 billion worth of two-way commerce by 1990.

Although the peace treaty may not appear to be directly related to trade, a Japanese China watcher explained that for the politically sensitive Chinese, having Japan agree to oppose hegemonism (the Chinese word for Soviet expansionism) was tantamount to the United States according one of its allies the status of a most favored nation.

A year such as 1978 would be considered phenomenal in the annals of even traditional trading partners. In the case of China and Japan, who have been enemies for a great part of the last century, the events of the past year could have come from a fairy tale.

will pose no threat to any Japanese companies in the sales of agricultural equipment and know-how to China. No Japanese or U.S. firm is likely to sell weapons to China for some time to come; the coast is clear there for French and British arms manufacturers.

The Japanese media, an active participant in the molding of public opinion toward close relations with China, was one sector that did not welcome improved U.S.-China ties wholeheartedly. The mass-circulation Mainichi headlined "Full U.S.-China Ties Threat to Business" one day after President Carter's Dec. 15 announcement in Washington. Another Japanese article warned that foreigners looked upon with fear a Japan-China tie-up and recalled the myth of the "Yellow Peril." Similarly, a television broadcast from Washington during Chinese Deputy Premier Deng Xiaoping's (Teng Hsiao-ping) visit there concluded with the reporter expressing doubts about what good might come from closer Sino-American relations as far as Japan was concerned.

By most other, less impassioned accounts, Japan has little reason to fear losing its position as China's foremost trade partner. At the moment, U.S. trade with China is just over \$1 billion, or a quarter of Japan's \$4.4 billion. The U.S. Congress is likely to put up a big fight before it grants most favored nation status to Chinese goods, and until such time as Congress abandons Taiwan, Chinese exports to the United States will encounter the full force of U.S. tariff barriers.

Although not many Japanese businessmen will say so in public, they realize that the major stumbling block to profitable trade with China comes not from the United States (which still occasionally insists on the enforcement of the coordinating committee of the North Atlantic Treaty Organization's consultative group — COCOM — rules against exports of strategic goods to Communist countries) but from China's questionable ability to pay for foreign equipment and know-how.

Grand Scale

During one three-month period in 1978, Nippon Steel committed itself to a \$2-billion ultramodern steel mill near Shanghai; Kuraray promised to build a synthetic-leather plant; Mitsubishi and Marubeni signed for two ethylene projects, and Asahi Glass, Hitachi, and Toshiba put together a color-television industry for China.

Hardly a day passed without some dramatic announcement of Sino-Japanese commercial cooperation on a grand scale. Japan National Railways agreed to assist China in the electrification of a line linking Peking with its Tianjin (Tientsin) harbor. The Japanese Petroleum Corp. will help China explore and develop untapped petroleum reserves. Japanese companies are scheduled to participate in 10 other major projects including the harnessing of the hydroelectric potential of the Yangtze Kiang and the Hwang Ho rivers.

But, if 1978 was a year of euphoria, the first two months of 1979 have provided Japanese businessmen with an opportunity to reappraise their relationship with China in the light of two sobering events: the normalization of U.S.-China ties and the Chinese incursion into Vietnam.

Normalization of relations between Peking and Washington on Jan. 1 this year has been interpreted in two widely differing ways in Japan. Toshiwo Doko, head of Keidanren, Japan's Federation of Economic Organizations, welcomed the event and said he looked forward to cooperation between U.S. and Japanese firms. Just before Mr. Doko delivered his cordial message at his annual New Year's press conference for foreign journalists, U.S. Steel and Okura Trading announced a \$1-billion joint venture for the development of an iron mine in northern China. U.S. Steel is to provide know-how while the Japanese firm would purchase the machinery.

An executive at Fuji Bank pointed out that Washington's recognition of China would bring in U.S. financing for Japanese projects. "There just is not enough money in Japan to finance even a fraction of the deals being contemplated now," he told a Japanese newspaper.

Different Products

Japanese businessmen are also aware that with the exception of computer equipment, Japan and the United States are not selling the same things to China. While the Japanese are in an excellent position to supply the Chinese with rolling stock for six projected super-express trains, essentially modeled on Japan's fast and efficient "bullet trains" — no Japanese companies can put together a communications satellite or compete with Boeing for the three 747s China wants for its airline. Nor is there a Japanese firm with the experience of Texas oil-drill manufacturers. In the same way, the United States



The Tokyo Stock Exchange.

As the Market Average Accelerates

By Saburo Matsukawa

TOKYO (IHT) — The Tokyo Stock Exchange, which rose by 35 percent in the market average since a low in November, 1976, is likely to show some erratic ups and downs in 1979.

The upsurge in the market has been accelerated since mid-1978, when many Japanese corporations began to invest their surplus funds in stocks in view of a change in the tone of the bond market, reflecting increasing national bond flotation for deficit financing.

At the same time, Japanese enterprises began to report an improvement in their financial position and profit margins, despite, in some cases, a decline in their sales. This was the result of the streamlining of their organizations and rationalizing of their operations to cope with the sharp appreciation of the yen and prepare for transition to a period of lower growth than the fast expansion of the 1960s.

Industries that suffered from the protracted recession, including open-hearth furnace steelmakers,

aluminum, chemical fertilizer, synthetic fiber, corrugated paperboard, and shipbuilding concerns, were given government help to solve problems arising out of a fall in demand, low capacity utilization, financial difficulties, and overemployment. Other industries, which fared much better because of increased exports, were in a relatively high growth momentum, but they also carried out rigorous programs by cutting down their work force wherever possible, rationalizing their work process, minimizing wage increases and reducing their debts instead of making new capital outlays. A steady decline in Japanese interest rates also lowered their interest payment burden.

The market average advanced 23.4 percent from the beginning of 1978 to the last session of the year. Investment trusts operated by securities companies, trust banks, life and non-life insurance companies, and other institutional investors played a leading role in pushing up Japanese stock prices. Corporate pensions also contributed to the trend. Industrial and business corporations bought 10.37 billion

shares and sold 9.23 billion shares, according to the Federation of Securities Dealers' Association.

Late in 1978, Bank of Japan governor Teichiro Morinaga said at a news conference that the rise in Japanese stock prices seemed to be excessive judging from the actual economic situation. He also said Japanese banks should be careful not to make loans that might be used for speculative purchases.

But the market average rose again, reaching a record on Jan. 31, 1979. The political turmoil that shook Iran and signs of creeping inflation in Japan brought about a fall in Japanese stock prices in February, when some Japanese corporations were believed to have realized their profits from stock investments in view of the approach of the end of their business year on March 31.

Cautious

Despite the sharp rise in Japanese stock prices and a sharp appreciation of the yen in 1978, foreign investors remained cautious in their stance toward the Tokyo Stock Exchange. During the first

nine months of fiscal 1978 (April to December) they bought \$3.99 billion worth of Japanese shares, compared with \$1.67 billion in the corresponding period of fiscal 1977, and sold \$4.46 billion, compared with \$2.45 billion, leaving net sales of \$466 million compared with net sales of \$784 million. Securities companies said foreign investors, mostly Southeast Asian and West European, engaged in transactions for fast turnover, buying and selling the same stocks in a matter of weeks, or days, in some cases. Since the rise in Japanese stocks was sharp, it was possible to make quick profits in this way. On the other hand, their stance showed they did not have confidence in the high Japanese stock prices reflecting the Japanese economy's power of recovery under conditions of the yen's steep rise.

The sharp appreciation of the yen, which reduced the yen value of dividends paid by foreign companies, minimized Japanese investors' interest in the shares of foreign companies listed on the Tokyo Exchange. The volume of trading

(Continued on Page 95)

Behind Ohira's Success, A Quiet, Cautious Style

By Ken Ishii

TOKYO (IHT) — Although more than three months have elapsed since Masayoshi Ohira became premier, a good deal remains unknown about the man who, by virtue of his exposure in the nation's most visible public post, should be an open book.

He has been written about and talked about throughout his long career in elective office, which began when he won his first seat in the House of Representatives in 1952. He had served in the Finance Ministry since 1936.

Re-elected to the house nine times, the 69-year-old Mr. Ohira served in various cabinets as chief Cabinet secretary, foreign minister, international trade and industry minister and finance minister. He also held several key posts in the ruling Liberal-Democratic Party prior to his election as party president in December, 1978, a position that assured him of the premiership because of the conservatives' majority in the lower house.

But the public glare to which Mr. Ohira has been exposed has hidden as much as it has revealed. It is what Mr. Ohira keeps to himself — rather than what he makes known — that marks his success.

lessen the frictions created by its huge trade surplus.

Outlining his policies before the Diet earlier this year, Mr. Ohira declared: "I intend to make respect for culture and revival of human qualities the basic philosophy behind all my policies and to work for the creation of a just and graceful Japanese welfare society through such means as enhancing the home foundations and promoting the garden-city concept."

Observing that "there is a consensus among the people on the basic principles of democratic government," Mr. Ohira asserted: "All of our policies must be implemented within the framework of this consensus."

The fact that Mr. Ohira said nothing concrete mattered little. What counted was his attitude.

Not that the Japanese consider Mr. Ohira ineffectual. On the contrary, they take reassurance in the knowledge that, when he gets something done, it will be because he has gained a consensus, not because he has forced others to agree with him.

Assumptions

Some fear his cautious approach will make him a do-nothing premier. To this others argue, rightly, that it was exactly his "politics of waiting," that won Mr. Ohira the premiership. Although he was a candidate in elections for the Liberal-Democratic Party presidency on past occasions, he accepted defeat gracefully, patiently letting the other contenders — Messrs. Tanaka, Miki and Fukuda — have their day before stepping into the post of his ultimate ambition.

In discussing Japanese politics, one can make two assumptions. The first is that nothing is likely to disrupt the conservative dominance in the foreseeable future. The left wing is too splintered, inexperienced and preoccupied with ideology to be able to handle the realities of running the country. Except for a brief coalition in 1947, the conservatives have held power since democracy returned to Japan after World War II.

The second assumption is that, no matter who becomes premier, it makes little difference in the course of events at home or abroad. There may be differences in nuance but no drastic policy shifts.

In fact, public opinion polls show support for Mr. Ohira's government is due more to the premier's personality and style rather than to his policies. One of the first polls conducted after Mr. Ohira became premier gave his Cabinet a support rating of 41.6 percent, considerably higher than the 27.3 percent who supported Mr. Fukuda when he first took office.

A newspaper poll on public support for political parties gave the Liberal-Democrats 43.4 percent, the Socialists 10.7 percent, Komeito (Clean Government Party) 3.6 percent, the Democratic-Socialists 2.6 percent, the Communists 2.5 percent, the New Liberal Club (a conservative splinter group) 1.4 percent, and the Social-Democratic Alliance (a socialist splinter group) 0.3 percent. The Liberal-Democratic Party share is the second highest since 1945, while the support indicated for the Socialists is one of the lowest ever.

All of which seems to indicate that Mr. Ohira is likely to remain in office a long while.

But there are other reasons why political experts feel the taciturn premier is in for a fairly long stay. Contests for party presidency, and hence the premiership, are fought among leaders of the ruling party's factions. For the past several years, the major factions have been those led by Messrs. Tanaka, Miki and Ohira each of whom has fulfilled his ambition. Mr. Ohira was content to be the last of the major faction chiefs to take his turn in the sun, and now that it has come, at present there is no one in sight to threaten him. The jostling for power is over for now. Yasuhiro Nakasone has been mentioned as a party contender, but the faction he heads is not considered sufficiently powerful to mount a serious challenge.

China Buying Spree Spurs 'Boomerang' Doubts

By Robert Y. Horiguchi

TOKYO (IHT) — As Japanese businessmen elbow their way, like harried commuters, to clamber aboard the alluring China bandwagon, some are questioning the wisdom of helping the neighboring Asian giant achieve industrial modernization in the next two decades.

These skeptics, whose voices are still muted, point to the serious economic consequences Japan will have to bear when China marshals its massive manpower to operate the efficient machinery it is now seeking to obtain.

Last year alone, deals amounting to \$3.6 billion for the sale of heavy industrial equipment, such as steel and petrochemical plants, were concluded between Japan and China.

China's buying spree continues unabated this year.

The doubters base their prognostications on the impact that the rapid industrialization of South Korea, Taiwan, Hong Kong and Singapore has had on the Japanese economy, partly due to expansion and transfer of technology into these territories by Japanese manufacturing facilities, as well as by the offshore operations of Japanese trading conglomerates, known as "sogo shosha."

The result, they assert, has been that Japanese home industries have suffered from imports from these areas, and that Japanese exports to Third-World countries have lost ground competing with products manufactured in these industrializing Asian areas.

Dr. Miyoshi Shinohara, a university professor, in

a 1976 treatise on industrial structures, called this phenomenon the "boomerang effect" of Japanese business expansion overseas on the home economy.

The common advantage of South Korea, Taiwan, Hong Kong and Singapore has been, above all, the availability of a vast pool of disciplined and diligent labor at rates far below those prevailing in Japan today. Wages in China are estimated to be one-fifth of those paid in South Korea.

Chinese light industry products have already begun penetration of Southeast Asian and other markets as Peking seeks to acquire foreign exchange to finance its ambitious modernization program. This effort is being helped by the ethnic Chinese populations of Southeast Asia, who have traditionally been important in finance and commerce.

Countering these gloomy visions, leaders of Japan's economic establishment contend that unless they take advantage of the opening of the Chinese market for basic industrial products, they will lose out to their U.S. and European competitors.

Moreover, they point out, in the immediate future China, itself, will fully absorb the increased production resulting from the projected expansion of its industrial structure.

Evidence

But there is already evidence that various sectors of the Japanese economy are feeling the "boomerang effect" of industrialization in neighboring nations.

The most outstanding example has been in the spectacular increase in textile imports. These rose

from a value of \$547 million to \$1.71 billion in 1973. This level has since been maintained, with Japan's textile imports amounting to \$1.73 billion in 1977. The growth in textile imports has had a dramatic impact on the Japanese textile industry which, until 1972, had recorded an export surplus. Medium-sized and small spinning and weaving factories were forced to shut down, or to change their line of business, as they found themselves unable to compete against the cheaper imports.

This has added to the number of unemployed, which now stands at more than 1 million. Joblessness in Japan is estimated at 2.3 percent of the labor force, a high since the immediate postwar years.

Another effect can be seen in the gradual decline in the proportion of Japanese television imports into the United States. Nine years ago, 80.9 percent of television sets imported by the United States were from Japan, versus 12.6 percent from Korea, Taiwan, Singapore and Hong Kong. In 1975, this ratio had changed to 59.7 percent from Japan and 39.5 percent from her Asian neighbors.

Hitachi, one of Japan's electronic giants, has even announced that it will import small-screen television receivers manufactured by its Taiwan subsidiary. The company explained that it took this action because of the high costs of domestic manufacture of this type of set.

It will be the first time that a Japanese television manufacturer is importing color sets produced by one of its offshore facilities.

In watchmaking, in which Japan is strong, Hong Kong emerged as the world's largest exporter last year. The British colony, said an official announce-

ment, exported 38.64 million watches between January and October, 1978, compared with Switzerland's 32.25 million and Japan's 20.01 million.

The "boomerang effect" has also appeared in a growing trend among the offshore posts of Japanese trading conglomerates to favor the exportation to third countries of locally procured goods, rather than of Japanese-made products.

When a Japanese corporation establishes a manufacturing base abroad to produce import substitutes, it already means a corresponding reduction in Japanese exports to that country. The tendency to promote the local goods as exports to third parties exaggerates the reduction in Japan's exports.

Source of Concern

Another source of concern is the rapidly growing industrial muscle of Korea, Taiwan, Hong Kong and Singapore, reflected in the growth of their exports. In 1977, Korea topped its \$10-billion export goal with \$10.05 billion, followed by Hong Kong with \$9.63 billion, Taiwan with \$9.35 billion and Singapore with \$8.24 billion in exports.

This is still a far cry from the \$80.5 billion in exports chalked up by Japan in 1977, but statistics reveal that these four territories increased the value of their exports at the rate of 30 percent annually between 1970 and 1977.

Should they maintain this growth rate, it is pointed out, each of them would be within reach of nearing, by 1985, the current value of Japanese exports.

日本

Old Ways Yielding Slowly to Capital Market Innovations

By Tracy Dahlby

TOKYO (IHT) — Mounting pressures for change from a number of directions are combining to revamp Tokyo's still comparatively backward capital market. The progress will not be rapid, but Japanese monetary authorities' approval of several new financial instruments offers bankers and corporate managers, both Japanese and foreign, long-awaited fundraising opportunities.

The first issue of yen-denominated negotiable certificates of deposit (CDs) here is likely in April. The move is welcomed by Japan's 13 big city banks and Tokyo-based foreign banks, which have been lobbying Japan's Ministry of Finance for CDs as a means of mopping up more of Japanese corporations' currently highly liquid savings. Japanese banks have been battered in recent years by a sharp decline in deposits brought on by an era of slower economic growth.

The Financial Systems Research Council — an influential group of leading scholars, businessmen and bureaucrats — recommends that interest rates on CDs be free from governmental control and the Ministry of Finance is likely to heed that recommendation. This would make CDs the only open and freely traded short-term debt instrument in the tightly controlled Tokyo market aside from the *gensaki* market (a loosely controlled money market based on the sale and repurchase of bonds.)

The big city banks could not be happier. They aggressively pushed for CDs to offset the booming *gensaki* market, which is controlled by Japanese security houses and has drawn a large chunk of corporate savings that normally would have gone to the city banks. The new option would, additionally, give these banks a source of short-term funds beyond the existing call market (up to one month) and bill discount market (up to three months), both fundamentally interbank instruments that exclude non-financial institutions.

Because CDs are certificates issued by banks against time deposits and can be freely traded in the market, the freeing of interest rates on issues would also open a lucrative secondary market where bankers could make money by charging brokerage fees for the resale of notes.

The first CDs will be limited by Ministry of Finance fiat to maturities of between three months and six months. There has been talk that the period might be extended to one year, but that is not likely to happen soon. A per-issue minimum will be set at 300 million yen (\$1.5 million) and, theoretically, all financial institutions in Japan, excluding securities houses, will be permitted to make issues. A ceiling is expected to be clamped on the total volume issued by any one institution according to a fixed percentage of that institution's shareholders' equity. Special rules will have to be worked out for foreign

banks because they are not incorporated domestically in Japan and, technically, have no shareholders' capital.

Security houses, mutual banks, smaller regional banks and credit associations have strongly opposed the institution of CDs. These banks fear that their big-brother city banks stand to get most of the new business because of their greater prestige and corporate connections. But the big banks needed a boost and financial bureaucrats saw CDs of short maturities as the best way to get around the arguments of Japan's powerful long-term credit banks that issues of longer maturi-

ties would hurt their market for three- and five-year bonds.

Some question the contention of Ministry of Finance officials that CDs constitute an important step in freeing interest rates here overall. City bankers urge such a liberalizing move because it would help ease the burden of deficit-financing government bond issues they are forced to absorb by creating a bigger market. At present, these banks are forced to buy the bulk of increasing amounts of these public bonds. But most observers suspect that it will be some time before Tokyo relaxes its grip on the interest-rate structure.

Tokyo-based foreign bankers are also somewhat skeptical on the issue of CDs. What they want is a source of longer-term yen funds to offset their own long-term loans to Japanese customers. This means that longer maturities — some say of two to three years — would be needed to make CDs of greatest utility. And until all the ground rules are made absolutely clear, foreign bankers are remaining cautious.

Samurai Market

The other significant recent development in the gradual liberalization of the capital market here is the move to open Japan's yen-denominated bond flotations — the Samurai bond market — to private foreign corporations.

In 1978, Tokyo's trade and current account surpluses ballooned to gigantic proportions — \$24.7 billion and \$16.6 billion, respectively. The Ministry of Finance sees such Samurai issues as an effective means of encouraging capital outflow and, thus, deflecting international criticism of Japan's payments windfall.

Sears Roebuck, the giant Chicago-based retailer, was scheduled to break the ice with a straight debenture issue, without collateral, worth 20 billion yen. Sears has been banging on the Ministry of Finance's door for over a year for the right to issue an unsecured bond here. Japanese security houses and private corporations have been eager allies in the campaign. As a result, the same rules should apply to Japanese companies, some of which plan to issue such bonds here for

the first time since before World War II.

Nomura Securities is acting as Sears' lead manager with Daiwa Securities as co-manager. Matsushita Electrical Industrial wants to be the first domestic issuer in the home market and plans to follow Sears' lead by floating 50 billion yen in convertible bonds, again without collateral. Yamaichi Securities will act as lead manager with Daiwa, Nomura and Nikko Securities as co-managers.

The ability to issue bonds without collateral is historic because nearly all Japanese companies — with the exception of Japan's nine, rock-solid electric power companies and the partly government-owned Japan Airlines — have been required to secure domestic issues with mortgages on tangible assets such as factories or real estate. The

rule has held since 1933, when the worldwide depression caused a raft of companies to collapse. Now blue-chips such as Matsushita, or companies with good profit performance but few mortgageable assets such as construction companies, trading houses, wholesalers and retailers, should stand to benefit.

The Sears plan was most vigorously opposed by the Japanese city banks. They fear that they may lose more corporate clients because companies might turn increasingly to the cheaper source of funds in secured bonds might provide. Bankers also are worried that such a fund-raising option will weaken their hold on corporations here that have been traditionally highly dependent on high debt-equity ratios and, thus, bank borrowing.

Contrary to their opposition

toward CDs, security houses here are all for the issue of unsecured bonds because of the equally handsome commissions they will get for underwriting and selling them. Brokers expect that a host of private foreign companies will be attracted to the Tokyo yen bond market. Formerly, the market was open only to issues by international institutions such as the Asian Development Bank, the World Bank and foreign governments.

The Samurai market has lost some of its glamour in recent months because of the stabilization of yen exchange rates, which have reduced investor's opportunities to profit from currency gains through secondary-market transactions. But analysts expect that the introduction of private corporations will liven activity during the remainder of the year. For borrowers, the

coupon rates here are relatively low — now about 6.5 percent — as a result of the Ministry of Finance's easy-money policies. Interest rates are expected to stay low for much of the year and this, too, should help attract borrowers.

Foreign buyers want Samurai bonds as a source of yen assets since Japanese exporters are increasing the proportion of overseas sales invoiced in yen to protect against foreign-exchange risks.

Both CDs and Samurai bonds are symbolic of the tentative steps Tokyo is taking toward fuller liberalization of capital market activities. A few critics question whether the loosening of controls and creation of new fund-raising options so far are only grudging steps taken, in part, to stem foreign criticism of Japan's alleged tightfisted economic policies.

Surplus Funds in Stocks Bolster Trading Average

(Continued from Page 75)

In these stocks in Tokyo fell to 0.4 percent of their total turnover in their home markets, which was a record low since they began to be listed in Japan. At present, 15 foreign stocks are listed on the Tokyo Stock Exchange, after Borden and General Telephone & Electronics voluntarily delisted their shares in 1977.

Japanese investors' interest in foreign shares listed in Japan is said to be reviving gradually following the stabilization of the yen-dollar exchange rate since President Carter's dollar-boosting package announced last November. As from March 1, the stock exchange relaxed its rules for listing foreign stocks and keeping them listed, including a 50-percent cut in the required fees, in an effort to encourage the listing of more foreign issues.

Japanese analysts are divided in their views over the outlook for the exchange. This is because the Japanese economy is believed to have reached a delicate stage, where some economists are warning strongly against the revival of inflationary tendencies due to growing latent surplus liquidity, while others assert that there is still room for substantial growth without rampant inflation.

The average price earning ratio of stocks listed on the main market of the Tokyo Exchange is now about 26, which many analysts say

is excessively high, compared with other foreign exchanges. This was one of the reasons why foreign investors have been cautious with Japanese stocks, they say. Moreover, Japanese industrial enterprises will sell their portfolio stockholdings to raise funds for capital outlays for plant and equipment if economic recovery proceeds as expected. There are already signs that this is beginning to happen. And, if wholesale prices continue their steady rise since November, 1978, and a revival of inflationary tendencies becomes apparent, Japanese industries will lose their present soundness, with wage claims and interest rates rising again. Analysts also say the Iranian situation may reduce the oil supply to Japan later this year and cause disruptions in its economy.

Other observers, however, predict the Japanese stock market will resume its upturn after a brief period of adjustment, because the basic trends in the Japanese economy are not likely to change.

The present high price earning ratios of Japanese stocks reflect the resilience of the economy and the ability of Japanese enterprises to adapt to changes caused by the oil crisis of 1973 and the steep appreciation of the yen in the 1977-78 period, analysts say. They will be able to overcome whatever impact a new rise in oil prices or cutback in oil supply brings.

Assets (\$42 billion)

Expertise

Flexibility

Mobility

Taiyo Kobe gives you a good financial services mix.

Taiyo Kobe Bank

A name you can bank on.

Head Office: Kobe Headquarters Tokyo, Kobe

Overseas Offices: New York, Los Angeles, Seattle, Houston, Chicago, Toronto, Sao Paulo, London, Hamburg, Frankfurt, Brussels, Hong Kong, Singapore, Sydney

Wholly-Owned Subsidiaries

The Taiyo Kobe Bank (Luxembourg) S.A. Central Paris, 33, Boulevard du Prince Henri, Luxembourg, Grand-Duché de Luxembourg

Tel: 25455 Telex: 2486 TAIKOB LU Cable: TAIKOBANK LUXEMBOURG

Taiyo Kobe Finance Hong Kong Limited Room No. 1604-4, Gamman House, 12 Harcourt Road, Hong Kong Tel: 5-256112 Telex: 75106 TYNBH HK

Little-known facts about Mitsui...

Mitsui has imported from Europe for more than 100 years

Mitsui opened a liaison and purchasing office in Paris in 1878. A year later, we opened another in London.

Since then, we have introduced more than just a few different European products and brands to the Japanese public.

Mitsui, for example, brought European fashion to Japan by concluding a licensing agreement with Pierre Cardin nearly twenty years ago. Now Cardin's name and designs are popular throughout Japan. As are those of Dior, St. Laurent, Valentino and other European designers.

Many do not know that Europe is a major source of food for Japan. Mitsui imports much of it. European sporting goods are also popular. Mitsui even created a sales company, Mitsui Bussan Sporting Goods Co., Ltd., to promote and sell these products.

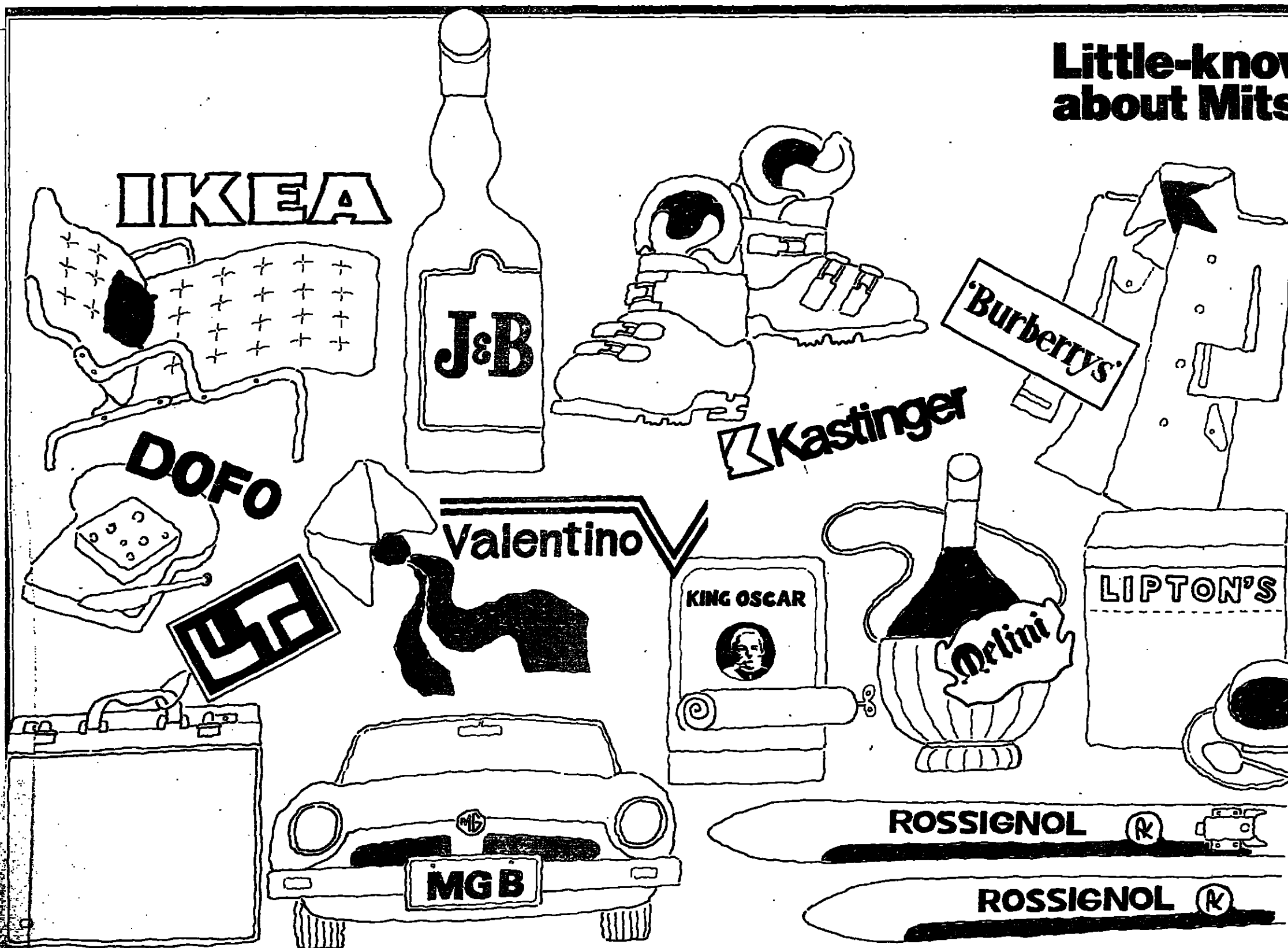
Often a European product can be marketed more effectively in Japan through a joint-venture company. Mitsui has been instrumental in setting up many, with such well-known names as Lipton, British Leyland, Novo Industri and Mitcom AG.

Of course consumer products are not the only things Mitsui handles. Nor is trading the only business we are engaged in. Mitsui has organized a number of multi-million dollar projects, ranging from complete refining complexes to steel mills to ecology-minded agribusinesses.

In Europe, Mitsui has also participated in the capital and facilities investment during the last five years.

And because we believe in the free world trade system we do our best to help European products make their way into the complex, often confusing, but very lucrative Japanese market.

Now that you are aware of these little-known facts, you can have confidence in Mitsui.



Contact your nearest Mitsui office:

MITSUI & CO., LTD.

2-1, Ohmura-1-chome, Chiyoda-ku, Tokyo, Japan
Dept. PR, C.P.O. Box 822, Tokyo Cable: MITSUI TOKYO Tel: 222253

MITSUI & CO. EUROPE GROUP

Mitsui & Co. Europe Ltd.
Trafalgar Court, 11, Olden Victoria Street, London EC4N 4SE
Tel: 01 604 1771 Telex: 885031

Western Europe
London 01-397-5111
Dublin 01-775179
Athens 3602426, 3619738
Oslo 412944/5, 413479
Bergen 05-216880

Stockholm 081 23-46-70
Helsinki 629584, 629586
Düsseldorf 87981
Hamburg 248491
Munich 397021
Vienna 57-46-01, 57-71-26

Brussels 511-91-20/9
Amsterdam 244236/8
Paris 723-78-71
Milan 780251
Lisbon 656101/5
Madrid 111 455-1500

Valencia 961 154-6200
Barcelona 931 218-3141
Eastern Europe
Berlin 2071896, 2071149
Warsaw 29-32 11
Prague 25 69 92

Bucharest 143783
Sofia 08-34-19
Belgrade 645-426
Moscow 203-1502
Abidjan 32-44-91
Algiers 63-38-76/7

Casablanca 26-17-76
Lagos 24197
Lusaka 74222/3
Kinshasa 2432/3
Nairobi 22785
Tunis 252-640

*Representative Office

日本

With Lending Down, Banks Turn to New Sources for Profit

By Stephen Brontic

TOKYO (IHT) — Japan's major city banks have been increasing their profits in spite of a decrease in new lending, a feat uncommon in international banking. Because of the sluggish recovery of the Japanese economy, the country's major corporations have kept

their new borrowings to a minimum, putting the banks' loan portfolios in the process. The trend was so pronounced in 1978 that it led some industry figures to label banking one of Japan's "structurally depressed" industries. However, impressive results for the banks during the April-to-September, 1978, term indicate that

Japanese banking is anything but depressed. The 13 leading city banks earned a cumulative pre-tax profit of 315.9 billion yen (\$1.57 billion at the exchange rate of 200 yen to the dollar), 18.6 percent higher than the figure recorded for the previous six-month term. The ways in which the Japanese banks have been able to increase their

profits while new lending is on the decline provide interesting insight into how banks can stay in the black during troubled times.

It appears that the banks were able to reap some sizable profits from their nonbanking activities. Last year's collapse of the dollar caused trading in the Tokyo foreign exchange market to reach extraordinarily high levels, allowing the banks to make handsome commissions and profits from their foreign exchange dealings. The banks also picked up some money during the boom in the Tokyo bond market during the first half of this year. Normally large holders of bonds, the Japanese banks were able to sell domestic and foreign securities parts of their inventories of yen-denominated debt securities at high prices, until the government's massive summer issues flooded the market.

Bankruptcies

Another important factor in the rise in bank profits was a fall in the number of bad debts. Corporate bankruptcies have been declining both in the number of cases and the liabilities involved, reflecting improving economic conditions in Japan. In September, there were 1,183 bankruptcies involving debts of 10 million yen or more, with liabilities amounting to 145.59 billion yen, down 23.2 percent and 40.6 percent, respectively, from a year earlier. Major bankruptcies, such as Eidal Sangyo in February, 1978, were few. Because fewer businesses failed, write-offs were far below the 103.7 billion yen recorded for the previous six months.

Despite their good results during the recent half-year term, Japanese banks face a number of fundamental structural problems, the most serious of which is a slowdown in lending to their traditional clients. During the high growth era of the 1960s and early 1970s, the banks had a stranglehold on the business community in that they were the major source of funds. With the economy booming, a company's growth rate often depended on how well it maintained relations with its main banks. The banks could pick and choose, lending mostly to the bluest of the blue chip companies.

The oil crisis changed this. As the severity of the recession deepened, companies postponed or cancelled expansion plans. The de-

The banks were able to reap some sizable profits from their nonbanking activities. Last year's collapse of the dollar caused trading in the Tokyo foreign exchange market to reach extraordinarily high levels, allowing the banks to make some handsome commissions and profits from their foreign exchange dealings.

mand for new funds by the private sector shrank dramatically. When large companies went bankrupt, back-breaking interest payments to the banks were often found to be the main cause. Many large companies not only stopped new borrowing but also sought to prepay existing long-term loans.

With the economy apparently recovering, the bankers hoped for a pickup in new lending to their long-time customers. But, much to their disappointment, there has been no big rush to the banks by the large companies. Japanese corporate treasurers have recognized heavy bank borrowing as a luxury, if not an evil, of the past. When companies require funds for expansion, they are resorting instead to more direct sources of corporate financing, such as new share offerings, and domestic and foreign convertible and straight bond issues. As a result, loans and bills discounted by the city banks during the six months preceding September increased an unimpressive 3.6 percent over the corresponding period a year earlier.

Many companies are also developing new sources of short-term funds. Companies that once borrowed short and then regularly rolled over their loans every six months are turning instead to Japan's rapidly growing short-term money markets. The *gensaki* market, a relatively unregulated source of short-term funds in Japan, has seen explosive growth this year. The banks have suffered from government economic policy that has pared the discount rate to successive historic lows. During fiscal 1977, the government slashed the

discount rate by 3 percent to 3.5 percent. Although the banks were able to delay the effects of the government's rate-cutting activities for a few months, they finally had to reduce their own interest rates, which ultimately ate into bank profits. Preliminary figures released by the Bank of Japan for September, 1978, show that the average rate for all loans extended by the city banks, including all short and long-term loans, was 5.61 percent, down 0.35 percent from August. Short-term loans extended in September carried an average interest rate of 4.59 percent.

National Budget

A longer-term concern to the banks is the government's heavy reliance on deficit financing of the national budget. Of this year's total budgetary commitments of 36.8 trillion yen (including the first supplementary budget), 10.98 trillion yen is being financed through government bond issues. Because of continuing foreign pressure on Japan to stimulate its economy, the national debt is expected to mushroom. The Ministry of Finance has estimated that outstanding government bond issues will increase from 22.5 trillion yen at the end of fiscal 1976 to 59 trillion yen by the end of fiscal 1979.

The Ministry of Finance has required the city banks to buy the largest portion of these bonds, with the banks currently holding approximately 40 percent of the government's outstanding issues. The Tokyo Bankers' Association expects the 13 city banks' government bond portfolios to exceed 30

trillion yen by the end of fiscal 1979.

The banks are worried that when the demand for funds starts to pick up, a serious credit squeeze will result because such a large proportion of their assets will be tied up in relatively nonliquid government securities. In theory, the banks could sell the bonds on the Tokyo bond market; but, in fact, the bond market is still so undeveloped that it would be unable to handle such a large secondary volume. Bankers' fears were reinforced last summer when the bond market became saturated and prices for long-term government securities dropped as a result of massive new government issues coupled with the dumping of private and foreign issues by yen speculators.

In response to the bankers' concern, the Ministry of Finance made some preliminary moves towards liberalizing the interest rates carried by government bonds, a move considered to be a necessary prerequisite for more rapid growth of the bond market. The maturities of the government bonds are being diversified, and the bonds are being sold, for the first time, at auction. To cushion the banks against future losses incurred while selling government bonds on the secondary market, the Ministry of Finance has allowed the banks to set aside special reserves to cover these losses. The reserves amount to a subsidization of losses due to government bond sales in the secondary market, and make the bonds truly risk-free securities.

At this stage, however, the discussion of a potential credit squeeze is purely an academic

exercise. It is the opposite problem — the threat of excessive liquidity — that the banks are now confronting. There is presently so much cash in the Japanese financial system that it has become an international problem.

Japanese participation in overseas syndicated loans, liberalized July, 1977, became the most controversial topic of conversation at the international banking community this year. Japanese lending syndicates mounted an interest-rate-cutting offensive that antagonized competitors in Europe and the United States.

The loan considered by foreign bankers to be the most outrageous to date was a deal led by Sumitomo Bank for the British Electricity Council for \$500 million, carrying a paper-thin margin of 0.5 percent over the London interbank offered rate (Libor) for the first six years and 0.62 percent over Libor for the last four years. Total Japanese syndicated lending overseas as of the end of July, 1978, reached \$13 billion for dollar loans and 400 billion yen for yen loans. The dollar figure has easily risen to \$18 billion since then.

Like executives in many other of Japan's structurally recessed industries, bankers are hoping that some big deals with the Chinese will help carry them through to better times. After a recent trip to China, a group of Japanese bankers led by Yusuke Kasaiwagi, president of the Bank of Tokyo, said that the Chinese were ready to borrow \$300 million to \$1 billion from the Japanese city banks. Bank of China officials reportedly indicated that they were willing to observe the Organization for Economic Cooperation and Development gentlemen's agreement concerning export financing, that is, 7.25 percent for loans of less than five years and 7.5 percent for loans of more than five years. The Chinese would pay the going Eurodollar rate plus a margin.

Aided by a push from the government, some enticement from the Chinese, continuing jitters in the foreign exchange markets and a menagerie of foreign borrowed short of cash, the Japanese banks can ride out the present crisis. But recent domestic lending trends indicate that their preeminence in the Japanese economy is definitely on the wane.

Hands Across the Oceans

Mitsui O.S.K. Lines Links Japan with the World through 30 Liner Routes



Door-to-Door
Alligator Container Service

Mitsui O.S.K. Lines

Head Office: Tokyo, Japan
London Branch: 12/20, Cannon Street, London EC3A 7AL
Representative Offices in Europe: Düsseldorf, Hamburg, Rotterdam, Paris, Milan

A fast-acting network of 30 regular routes, including 9 containership routes, make up Mitsui O.S.K. Lines' liner service.

This network, the largest in the world, links Europe, Africa, Oceania, North America, Latin America, Asia and Japan.

Mitsui O.S.K. Lines has a fleet of 300 vessels ready to meet every demand, including heavy lift carriers, tankers, car carriers, iron ore carriers and other specialized carriers.

The cargo versatility of this fleet makes a significant contribution to international trade.



One of a Kind

We at Fuji Bank are proud of a 98 year heritage. In all this time, we've grown to be one of the world's largest banks.

Today, we have offices in major financial capitals around the world. Our talented, multi-lingual staff provides our customers with the finest service and up-to-the-minute financial information gathered by our worldwide organization.

As a Fuji Bank customer, you'll find we're always anxious to provide you with sound financial advice. Because we realized a long time ago that our success depends on your success.

FUJI BANK
Tokyo, Japan

Overseas Offices: - New York - Chicago - Los Angeles - Houston - Seattle - Toronto - Sao Paulo - London - Düsseldorf - Paris - Beirut - Tehran - Seoul - Singapore - Jakarta - Hong Kong - Sydney -
Subsidiaries: - New York - London - Zurich - Hong Kong
Associates & Affiliates: - London - Zurich - Luxembourg - Sao Paulo - Hong Kong - Singapore - Kuala Lumpur - Bangkok - Jakarta - Melbourne -

You Reach More Of Japan's Opinion Leaders In the Opinion Maker — Asahi Shimbun.

Asahi Shimbun will get your message to the right people if you have something to say or sell in Japan.

Advertising in Asahi Shimbun achieves awareness of your message in upwards of 7.2 million Japanese households daily.

Asahi Shimbun is strongly supported by well-educated readers who understand and share the views expressed in its editorials and especially by the class which leads Japanese public opinion.

72.8% of Members of Parliament;

66.7% of Government Officials;

45.1% of Top Management of Business Circles;

69.0% of Professors of Universities and Colleges;

69.8% of Literary and Art Circles;

named Asahi Shimbun as their source of daily information.
(Source: The Marketing Research Associates, Inc. Sept., 1976)

Nobody contemplating advertising in Japan can afford to miss this powerful influence of Asahi Shimbun, one of the 10 greatest newspapers in the world.

Represented in the United Kingdom and Europe by Joshua B. Powers, Ltd., 46 Keyes House, Dolphin Square, London SW1V 3NA Tel. (01)834-8023

Asahi Shimbun
Your No.1 Advertising Medium in Japan.

ASAHI EVENING NEWS

Asahi Shimbun's Sister Newspaper in the English Language

Rising Steel Imports Ruffle Confidence of Home Producers

By Rene Lebowitz

OKYO (IHT) — In the middle of February, a freighter carrying 340 tons of Taiwanese steel sailed up the Inland Sea toward Hiroshima docks of Mitsubishi Heavy Industries. The corporate was the freighter was making its way being felt in boardrooms throughout Japan's 100-million-ton a year industry.

Although the shipment was tiny compared to the 30 million tons of steel exported mostly by the big Japanese mills like Nippon Steel, Yawata, Kokan, Kobe, Kawasaki and Sumitomo, the consignment — matter how small — was the first lot of imported steel to be ordered by a major customer of Japan's domestic steel establishment.

Moreover, the shipment came at a time when the fringes of the market were experiencing a mini-boom in foreign steel. As recently as January, 1978, monthly imports had been no more than 5,000 tons. By August, this amount swelled to nearly 30,000 tons and by September had reached 35,000 tons. Steel imports doubled in just one year, from 1977 to 1978. Although absolute figures were small — 440,000 tons at the end of last year — market observers were saying that the amount was sufficient to exercise an influence on the price of domestic steel.

The sudden and phenomenal rise in the value of the yen was one reason for the demand for the cheaper imported product. Another reason was provided by the "depression effect" being adhered to domestically by the big mills. Small and medium-sized end-users were suffering from a shortage of steel because the large mills had cut production by 30 percent in order to maintain higher prices through low volume.

The result was that Japanese steel, until a few years ago the cheapest in the world, was being sold domestically for as much as 40 percent more than foreign products.

The Japan Economic Journal was predicting a steep rise in the volume of imported steel because of a gap of about \$100 per ton in the price of the most common steel. For example, hot-rolled coil, which was being sold domestically at the equivalent of about \$370,



"The Pittsburgh of Japan" — a steel plant in Kita Kyushu.

could be imported for below \$260 per ton. A similar gap existed in the price of other basic types of steel.

The journal pointed to yet another reason to expect more imports. While some of the metal was coming from traditional manufacturers in Britain and West Germany, a lot of shipments had come from the new so-called middle level countries such as South Korea, Taiwan and Spain. "Technology exports are about to boom in the form of cheap imports," the paper warned. Japanese manufacturers themselves could remember the days when Europeans had patronizing words for the trickle of Japanese steel exports reaching their shores.

Now it was the Japanese executives' turn to say, "One really cannot expect much competition from foreign suppliers; after all they cannot be counted on to deliver on time and to provide exactly what the customer needs."

An importer of European steel in Tokyo agreed with his Japanese competitors and acknowledged that for special relationships with their customers the Japanese cannot be equalled. "Major customers in Japan don't switch to new suppliers just because they might have a product that is 5 or 10 percent

cheaper. Business relationships here are long term, and so are the payments," the foreign steel salesman said.

There is little doubt, however, that the major mills are worried that the present trickle of foreign steel might turn into a flow. Yoichi Nakagawa, a writer on steel problems, said the industry is rife with rumors of "inspection teams" sent out by the large mills to check on customers switching to foreign products. Mr. Nakagawa explained that the inspectors trace the shipments from dockside to cutting mill to wholesaler, and the large mills are in a position to apply pressure on all of them.

"That is why the importers are mostly independent smaller firms in the Osaka area, the traditional base of the steel trade," Mr. Nakagawa said. Other industry sources intimated that the major trading firms enjoyed far too close ties with the large mills to risk offending them by trading in foreign steel. The large trading companies are said to be happy for the time being exporting Japanese steel and importing coal and iron ore.

But, while major middlemen might be satisfied with the 98.5-percent share of the domestic market

domestic mills enjoy, large end-users such as Mitsubishi are reported to be looking forward to imports. In fact Ishikawajima Harima, another major shipbuilder, too, is said to be contemplating purchasing small lots of foreign steel in order to placate criticism of Japan for only buying unprocessed raw materials from abroad.

Small end-users are even more happy with the availability of cheap foreign steel. For example, a representative of the stainless-steel utensil manufacturers of a small town in northwestern Japan negotiated a deal involving 200 tons of a special steel from Thyssen in West Germany. The local official made headlines when he refused to give in to Japanese suppliers and arranged a deal 17 to 18 percent below domestic prices. "We had no choice. Because of the revaluation of the yen we lost 35 to 40 percent of our export business."

But, whether imported steel will turn into anything more than a device to prevent domestic prices from getting out of hand remains to be seen.

Cheap foreign steel, however, did provide the unusual sight of American cold rolled coil being sold in Japan at \$32 below the phenomenal Japanese domestic price of

\$446 per ton while in the United States a mill owner in Seattle was asking the Commerce Department to help him survive the onslaught of what he called "cheap Japanese competition."

Arguments over pricing and accusations of dumping were the rule for most of 1978 as the United States came up with a trigger system, meant to prevent foreign steel from being imported too cheaply. The European Economic Community moved to control imports from Japan and Eastern bloc countries, thus leaving China and the Middle East for Japanese exports to expand into.

While the China market grew beyond anyone's wildest expectations, the cancellation of orders by Iranian companies in the wake of the ouster of Shah Mohammed Reza Pahlavi caused a loss of an estimated 1.5 million tons in sales.

One industry source described the Iranian debacle as "the worst thing to have happened to Japanese steel in the past year." Steel under production now has to be shipped elsewhere, customers have to be found in the last minute, and a 5-million-ton per year market has just disappeared, the source, an executive in a major manufacturing firm, lamented.

Taking Up Slack

China on the other hand has taken up the slack in Japan's other markets. There is talk that 20 percent of Japanese steel exports could be headed for China this year. The amount last year was 16 percent, and seven years ago exports to China did not account for even half that figure.

The Chinese last year also agreed to purchase a \$12-billion mill from Nippon Steel and showed an interest in obtaining Japanese cooperation in the exploitation of iron ore in northern China.

All the same, the growing dependence of Japanese steel makers on the China market has come in for criticism from those who think the Chinese drive hard bargains. China's single purchasing agency ordered about 5 million tons last year, but industry critics point out that the Chinese paid the lowest prices of any of Japan's customers.

Although China relies on Japan for 80 percent of her steel needs, the huge Chinese order has come to mean for Japanese mills the differ-

ence between barely being able to run a plant efficiently or having to shut it down.

Nippon Steel's move to curtail production even further in February is a typical example of what is happening to the world's most modern steel industry. Nine plants were shut down in order to cut production from the present 47 million

tons per annum to a targeted 36 million tons. The industry, as a whole, has enough capacity to turn out 140 million tons per year although for the last two years it has produced barely 100 million tons.

Workers who cannot be fired have been transferred to other more profitable industries, such as automobile plants, where the mill's

customers allow the men to work part-time as an act of charity. The industry's foremost customer, Japan's huge shipyards, are begging for orders. So rumors that Mitsubishi Heavy Industries had to seek the approval of Nippon Steel in order to import those 340 tons from Taiwan might not sound so strange, after all.

The wise approach to a new world of opportunities



There are certain things which you simply cannot afford to overlook in order to break ground in the world of business. Good connections, for instance.

You can count on us for that. We cover every aspect of business. From exploration for natural resources to urban development, to industrial plant construction, to trade in hardware, soft goods and even consumer items. We are affiliated with a broad spectrum of companies in Japan and maintain an integrated global network and can arrange so that

you enjoy productive partnerships as well as the best possible credit facilities wherever you are.

And whatever the project, big or small, we make sure that it is based on a comprehensive, authoritative assessment of the latest trade and industrial information.

Approach a new world of opportunities with us. Simply call our representative nearest to you and we shall be at your service.

Global Business Organizer
Nichimen

Nichimen Europe B.V. London Office: Winchester House, 77 London Wall, London EC2M 1BP
Benelux Office: 2nd Floor, Murohous Westlaak 67, Rotterdam 3002
Nichimen Co., Ltd. C.P.O. Box 1136, Tokyo/C.P.O. Box 18, Osaka

Worldwide network: Paris, Düsseldorf, Milano, Moscow, Accra, Lagos, Teheran, Beirut, Sydney, Auckland, New York, Dallas, Montreal, Panama, Mexico City, São Paulo, Buenos Aires, Hong Kong, Singapore, Bangkok, Kuala Lumpur, Manila, Karachi, Calcutta, Bombay and 46 other offices in the world's key cities.

If expertise in securities is money, Yamaichi is worth fortunes.

With 80 years experience, Yamaichi is one of Japan's foremost securities firms, providing the complete expertise you require to maximize opportunities in the securities field.

With the yen becoming an increasingly stable international currency, our brokerage business on behalf of foreign clients in Japan has enjoyed unprecedented success. Success that can be attributed directly to our position of leadership among Japanese securities companies. Success that makes us your ideal partner in all aspects of the securities business: underwriting, brokerage, distribution, dealing, research, and investment banking.

Yamaichi's offices on four continents are linked by a 24-hour-a-day "hotline" which gives our international clients immediate access to data pertinent to their needs—up-to-the-minute stock quotations, economic and industrial studies, corporate evaluations, and investment and bond market analyses.

If you're looking for expertise in securities, consult Yamaichi. In Japan and throughout the world, we have the know-how necessary to offer you immediate and comprehensive assistance with your investment requirements.



Uncommon vision in international finance.

YAMAICHI

YAMAICHI SECURITIES CO., LTD. Head Office: 4-1, Yaezu 2-chome, Chuo-ku, Tokyo 104, Japan. Telex: 322505 Tel: 273-5111
Paris Office: 21, rue de la Paix, Paris 2, France. Telex: 60086 Tel: 01-363 32 40 Yamaichi International (Europe) Limited: 15th Floor, St. Albans House, 2 Fore Street, London, EC2Y 3AA, England. Telex: LDN 887414 Tel: 01-628-2271 Yamaichi International (Netherlands) N.V.: Frederiksluis 1, Amsterdam, The Netherlands. Telex: 15772 Tel: 020-26256 Yamaichi International (Germany) GmbH: 6000 Frankfurt/Main, Bockenheimer Landstrasse 51-53, Rhein-Main Center, 4. Etage, F.R.G. Germany. Telex: 4-14996, 4-16677 Tel: 061-71 73 51 Yamaichi (Switzerland) Ltd.: Todistrasse 17, 8027 Zurich, Switzerland. Telex: 59521 5 Tel: 01-202 8484

New York, Los Angeles, Chicago, Montreal, Hong Kong, Singapore, Bangkok, São Paulo, Seoul

The international bank with your interests at heart.

Dai-ichi Kangyo Bank is Japan's largest bank. Total assets of over 73 billion dollars. But our size doesn't make us impersonal. A worldwide staff of financial experts ready to give your project their individual attention. And we have your interests at heart.

DKB representative on the scene in London



We have your interests at heart.

DAI-ICHI KANGYO BANK



Head Office: 6-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100. Tel: (03) 216-1111. Branches and Agencies at: New York, Los Angeles, London, Düsseldorf, Taipei, Seoul, Singapore. Representative Offices at: Chicago, Houston, Toronto, São Paulo, Mexico City, Caracas, Frankfurt, Paris, Beirut, Jakarta, Sydney. Subsidiaries at: Chicago, Amsterdam, Zürich, London, Hong Kong. Affiliated and Associated Companies at: Rio de Janeiro, London, Luxembourg, Hong Kong, Singapore, Kuala Lumpur, Bangkok, Jakarta, Manila, Melbourne, Sydney.

A few words about Tokai Bank's expanding international operations.

As you might know,
Tokai Bank is one of the
leading banks in the world
with over 15,000 employees
and 200 offices established
in Japan itself.



It probably doesn't surprise
you we're modern,
progressive, and one of
the first banks in the world
to utilize on-line
computerization in our
banking operations.



What may
surprise you
is our commitment
to international
banking.



At present we have over
20 offices and affiliates
around the world, and we
just opened a branch
in Singapore. And
recently opened
in Chicago.



Currently we're serving
the world through loans.
And also lending
something as valuable
as money. Financial
advice gained through
over 100 years
of banking experience.



So don't just
think of us as
a Japanese bank.
Think of us as a
bank that serves
Japan and
the world.



TOKAI BANK

Head Office: 21-24, Nishiki 3-chome, Naka-ku, Nagoya. Tel.: 052-211-1111 Overseas Network: (Branches & Agencies) New York, Los Angeles, London, Frankfurt; (Representative Offices) Toronto, Chicago, Mexico City, São Paulo, Paris, Tehran, Sydney, Singapore & Jakarta; (Subsidiaries) Tokai Bank of California, Tokai Bank Nederland N.V., Tokai Asia Limited; (Affiliates & Associates) London, Paris, Bangkok, Manila, Hong Kong & Sydney

For your wholesale banking needs the expertise of a leading international bank is a major asset.



Westdeutsche Landesbank ranks
among the top wholesale financing
institutions in the world with a proven
record in major fund raising operations
and strong capacity with total assets
exceeding DM 80 billion.

For investment credits WestLB has
large resources to provide domestic
DM loans at fixed interest. It can arrange
Euroloans in DM and Dollars as a roll-
over facility with multi-currency clause
and it can assist in bond financing in
DM or Dollars including stock exchange
introductions on the major German
exchanges.

WestLB's headquarters is in the heart
of one of Europe's business centers,
Düsseldorf, which has been chosen by
many leading Japanese corporations
as their headquarters. Thus the Bank
can better serve its Japanese clients in
Germany as well as in Japan.

Local cost financing for major projects
is available in most major centers of the
world from Tokyo to Rio, from Hong
Kong to London, from Düsseldorf to
New York.

In addition, carefully tuned foreign ex-
change services help clients overcome
the uncertainties created by currency
fluctuations.

For international financing WestLB
makes an experienced and strong
wholesale banking partner.

Westdeutsche Landesbank Girozentrale
Tokyo Branch
720 Kokusai Building, 3-1-1 Marunouchi
Chiyoda-ku, Tokyo 100, Japan,
P.O. Box 1375
Telephone: 216-0581, Telex: 23859

Tokyo Representative Office
723 Kokusai Building, 3-1-1, Marunouchi
Chiyoda-ku, Tokyo 100, Japan
P.O. Box 1375
Telephone: 213-1811, Telex: 23859

A strong force in wholesale banking

WestLB
Westdeutsche Landesbank

Headquarters: P.O. Box 1132 D-4000 Düsseldorf 1 Tel. 0211/8261 Frankfurt Office Tel. 0611/25731
Subsidiaries: WestLB Bank AG, Luxembourg Tel. 45493 WestLB Bank AG, Hong Kong Tel. 259 206
Participations: Banque Paribas-Allemagne S.A. Paris Tel. 4560101 Banque de Paris-Investissements S.A. Rio de Janeiro Tel. 2519823

日本

Competition Decelerates Auto Exports

By Alan Lunn

TOKYO (IHT) — Japan's auto-makers expect to export fewer cars this year, but they are hoping for a modest increase in domestic sales.

The yen's revaluation has really affected our exports," explained Toshio Nakamura, managing director of the Japan Automobile Manufacturers Association. "It has made it difficult to predict, but exports to the United States and Europe will both be down."

Japan exported a record 4.7 million cars, trucks and buses in 1978, up 5.7 percent from 1977. More than 40 percent went to the United States and about 16 percent to Europe.

But 1978 exports accounted for only 49.6 percent of Japanese production, a drop from 51.1 percent in 1977.

Unit exports in both the third and fourth quarters of 1978 were down about 1 percent, Mr. Nakamura said. That trend, brought about by increased prices forced by the yen's rise in value and by competition from U.S. and European carmakers, is likely to continue.

In the United States, for example, Mr. Nakamura said, Japanese car sales rose only slightly during 1978, and even dropped during the summer months, while U.S. subcompact car sales boomed. Final figures are not yet available, he said, but Japanese car sales were nearly even in August and September, up 15 percent in October, and

up 5 percent in November. U.S. subcompact car sales for the same months were up 12 percent, even, up 90 percent and up 36 percent, he said.

The main problem in sales to the United States, according to Mr. Nakamura, is price. Japanese car makers raised their U.S. prices five and six times during 1978, while U.S. car prices actually dropped sharply at one point during the year, Mr. Nakamura noted.

In addition, the 1975 Energy Conservation Act forced U.S. car makers to produce cars that used less gas, taking another competitive edge from the Japanese.

From about 1980, the decline (in Japanese car sales in the United States) will be very sharp," Mr. Nakamura said. "Detroit is developing very low mileage cars."

In Europe, Mr. Nakamura said, Japan will no longer voluntarily restrain exports but will market in a "very prudent manner" to avoid provoking protectionism.

"If exports really cause a decline in the share of domestic manufacturers," he explained, "we invite a protectionist mood. Therefore we must export in a prudent and cautious manner."

Criticism

He said the cautionary attitude applies to all of Europe, not just to Britain, where criticism of Japanese auto exports has been strong.

"Japanese exports aren't the real problem in Britain," he said. "It's the low supply of cars from British manufacturers which force British imports high. A few years ago, the import share of the British market was 27 to 28 percent. Now it's 50 percent."

"Imports from the EEC are growing much faster than imports from Japan," he said.

Three of Japan's top four auto-makers — Toyota, Nissan and Honda — all say they will continue the emphasis on the domestic market begun last year. They expect little growth in exports, and probably even a drop.

"We'll be lucky if we can match

this year's level," a Nissan spokesman said. "We'll be happy if we can maintain last year's level [of exports], provided the currency remains stable."

Nissan plans to boost total production by 2.2 percent over last year, to 2.45 million cars. It will try to sell 1.3 million cars in Japan and the rest overseas, a 4-percent drop in exports.

"Shipments to the United States and Europe will go down," the spokesman added. "We can't predict for England."

Nissan sales to the United States were off 11 percent last year, to 435,000, he said. The company has set a goal of 460,000 this year but does not really expect to meet it.

Toyota, which sold 1.4 million cars overseas in 1978, agrees that there will be little improvement, and possibly a drop in 1979 sales, especially in the United States. The company, the largest automaker in Japan, forecasts only a modest increase in domestic sales.

Honda, the fourth largest auto-maker, shipped 500,000 cars overseas in 1978: 27,700 to the United States and 115,000 to Europe. A target of 515,000 has been set for 1979, a company spokesman said, but nearly all of the increase is expected to come in the domestic market. Exports to the United States and Europe will be about the same as last year, at best, he said.

Signs of Life

All Japanese auto makers began shifting emphasis from exports to domestic sales last year when the effect of the yen appreciation really began to be felt, and what was thought to be a nearly saturated Japanese market showed strong signs of life. Japanese registrations rose 12.5 percent in 1978, compared with a 1.6-percent increase in 1977. Registrations rose 18.7 percent in December, 1978, and 21.4 percent in January of this year.

Part of the increase was due to economic recovery after several years of slump. Another factor was

the strong sales drive by the auto makers, which included a variety of model changes.

Several companies have begun offering substantial price discounts as much as \$300 to \$500 per car, and more if the buyer is switching from another model.

The auto companies have also been engaged in strong rationalization programs to help cut production costs.

Output has been boosted to 40 cars per employee, according to Mr. Nakamura, compared with about 12 cars per employee in Europe and 14 or 15 in the United States, although comparisons are difficult because of different production methods.

This trend will undoubtedly continue, he said.

The car companies have also been getting considerable encouragement from the government in their shift of focus to the domestic market. The Ministry of International Trade and Industry, operating under Japan's "administrative guidance" system, directed the companies last year to hold exports to the previous year's level, and that guidance seems likely to be applied again this year because of the continued criticism of Japan's trade policies. The companies are not required to listen to MITI, but the ministry, and the rest of the Japanese government, can make things difficult if they do not.

There is little possibility that Japanese auto exports — which account for about 17 percent of the country's total exports — will decrease greatly in the near future. They are crucial to the country's economy.

Market factors might cause temporary declines, but any major decrease in auto exports, perhaps because of another rise in the yen, would bring strong efforts from both industry and government to counter it.

Noting the country's lack of resources, Mr. Nakamura explained: "In Japan, we have to export and import. We have no choice."

BANK OF TOKYO Open 290 times daily

We have 290 offices in 38 countries and we're still growing. We never close. In fact, we open 290 times a day. So there's always a place for you to take advantage of our expertise. After all, we've been Japan's leading international bank for just short of a century. And you can't beat that.

Bank of Tokyo Travellers Cheques:
Bank of Tokyo Travellers Cheques are the Bank in your pocket. Pick up on them now. Put them down anywhere, any time.



Worldwide Banking and Finance
BANK OF TOKYO

HEAD OFFICE: 1-1, Nishimbashi, Minami-ku, 2-chome, Chuo-ku, Tokyo, Japan Tel. (03) 245-1111 HOME OFFICE: 35 OVERSEAS NETWORK: More than 260 MAJOR LOCATION: New York San Francisco Los Angeles Seattle Portland Chicago Houston Honolulu Vancouver Panama Lima Buenos Aires São Paulo London Paris Brussels Luxembourg Amsterdam Hamburg Düsseldorf Frankfurt Zurich Milan Tehran Karachi New Delhi Bombay Calcutta Bangkok Kuala Lumpur Singapore Jakarta Sydney Adelaide Manila Hong Kong Seoul

السعودية العربية

日本

Furukawa's Funahashi: Adjusting to an Era of Lower Growth

Masao Funahashi is president of the Furukawa Electric Co., one of Japan's largest manufacturers of power transmission and communication cables, copper wires, light metals and related products. In the following interview with Ken Ishii of the International Herald Tribune, Mr. Funahashi discusses the economic outlook for Japan in 1979. He also offers a view of the distribution system and the lifetime employment practice, both relics of the post-war era, which are hindrances to modern economic management but which many Japanese seem unable or unwilling to shed.

Mr. Ishii: The government predicts a growth rate of 6.3 percent in fiscal 1979. Do you think this can be achieved?

Mr. Funahashi: My company's research department has come up with a prediction of 4.4 percent which is based on the expectation that private equipment investment will not be as high as the government predicts and that exports also will fall short of government projections. Since our 4.4-percent estimate, however, wholesale prices have registered a fair increase. This and a number of other plus factors have led some to foresee an economic upswing that will produce a growth rate higher than 4.4 percent. On the basis of what we have to go on now, I would say between 5 and 5.5 percent, but certainly not anything as high as 6.3 percent.

Our own performance at Furukawa has been good. Our operating profits for the 1978 fiscal year which ends March 31, 1979 will easily top 10 billion yen (about \$50 million), or double the 5.4 billion yen we took in 1977. We have had an increase in orders, but the length of the yen has been another factor. For example we have been able to import copper a lot cheaper than before. And we have gained up our operations and widened our interest burden. However, I do not think we have moved down as much as we could in order to adjust ourselves to the present era of low economic growth.

Q: Your firm has done well, but at about business in general. A: The economic outlook is somewhat brighter (than last year), but the government has not taken enough stimulative action to get the economy moving. For example, the rate of increase in public works

spending in 1979 is less than the rate of increase in 1978.

Q: Then how much of a growth rate do you think is necessary?

A: Between 6 and 7 percent.

Q: How will the oil shortage resulting from the situation in Iran affect Japan?

A: The Ministry of International Trade and Industry says there is no cause for concern for the time being, and this is probably correct. But it will be different if the shortage lasts a long time. For the present, Japan has sufficient stocks of oil.

Q: How is the strength of the yen affecting Japanese exports?

A: Furukawa's exports have declined. There has been a general export decline all around because of the imbalance in the yen-dollar relationship. With the dollar weakening to less than 200 to one, a lot of our industries simply cannot export.

Q: What do you consider the minimum rate at which the Japanese can do business?

A: I think that at 220 yen to the dollar we can somehow manage. But at 180 or 190 it is simply impossible.

Q: How do you think the exchange rate will go this year?

A: It is impossible to predict. Not even the experts can. However, I think that the long-term tendency will be for the yen to strengthen.

Q: Why is the yen so strong abroad and so weak at home?

A: It is hard to say, but one of the factors involved is the Japanese distribution system. Imports are becoming cheaper, which means price levels in general in Japan should come down, but the distribution system has been a hindrance.

Q: It is generally agreed that the Japanese distribution system is out of date. Take meat, for example. By the time imported meat has passed through the many layers of middlemen in Japan, the price to the consumer is out of all proportion to what it is in other countries.

A: Yes, the Japanese distribution system definitely needs to be modernized. In our own business, we generally deal directly with our customers, like the telephone and telegraph companies and the power companies, for electric cables and heavy-duty products. But for household wiring and other such items we go through a very complicated distribution system. However,



Masao Funahashi.

er, we are trying to correct this. For example, we have set up a sales center for electric wiring to which retailers can come directly. Other major manufacturers are doing likewise.

But the center handles only part of our production — less than 50 percent. For the rest we still rely on middlemen and wholesalers of which there are several layers, and we simply cannot bypass them. The system is something that was developed over a long period of time, and the relationship that we have with them, and that they have with each other is a very personal relationship that is typically Japanese.

And we value these relationships and nurture them. For example, it is common for us to get together with the wholesalers every spring and autumn for friendly golf tournaments and other social functions. It would be brutal to cut them off simply because we have no need for them. Yes, we can do without them — although they are useful. It is not a question of logic. But we cannot turn our backs to the fact that their livelihood depends on our dealing through them and supporting the system.

Q: Is this a situation that Japanese business will have to live with permanently?

A: We will just have to work at the problem with patience. A solution is not impossible — not in one or two years, but given sufficient time, say, 10 years, we should have made some progress by then. Certainly, the need for reform is recognized.

Q: Is the government doing anything about streamlining the distribution system?

A: It should do something, but it is not doing much. It has not done anything about meat. There are methods the government can resort to, such as issuing administrative guidance, but medium and small industries (at which level wholesalers operate) would not take kindly to such interference.

Q: You have explained the loyalties that bind manufacturer and wholesaler as being a major factor in perpetuating Japan's traditional distribution practices in the marketplace. How about loyalty within the company. It is frequently said that the traditional loyalty that an employee had for his company before World War II is fading. Do you agree? Has the weakening of the traditional ties of obligation between employer and employee made it any easier for Japanese firms to cut down on their staff, as many are having to do in the slow-down in economic activity since the oil crisis? Or does the lifetime employment concept remain firmly entrenched? In the slimming-down process at Furukawa to which you referred earlier, did you fire anyone or encourage early retirement?

A: We have never asked an employee to leave, and we have more than 6,000 people working for us. Q: Does this mean you do not consider Furukawa overstaffed, which seems to be a problem with many enterprises in Japan?

A: In certain areas of the company — areas not directly related to production — I suppose we could do with fewer people. It is a fact that we have more workers than there would be in the United States in a similar situation.

Q: Japan's lifetime employment practice — of keeping an employee on until the age of 55 — evolved during the Meiji period when the life expectancy of the Japanese male was not much more than that. But with life expectancy now 73, can you really say that Japan still maintains the lifetime employment tradition?

A: Yes, it is not really lifetime employment any more. At Furukawa, we have extended the retirement age from 55 to 57.

Q: Even at 57, a man still has plenty of work left in him. Besides, retirement pay, even combined with old-age benefits from the government, is not enough to see him

through for the remainder of his life.

A: This brings up the question of extending the retirement age. In fact, the government is urging business and industry to do so. But this creates problems over pay and job positions. In the higher echelons there are not that many openings. So we must compromise. We have done this by ceasing salary increases after 55. But the fact is that even though their income drops after 55, workers still prefer to stay on with the firm. Loyalty to the company is strong. Though it is probably in part loyalty motivated by the awareness that they have nowhere else to go. If they did, I am sure many would.

Q: Older employees have a sense of loyalty, but the younger ones seem to lack this nowadays.

A: You are right. But I think you will find a different reaction after a man has been with his company for 10 years or more. The longer they work, the greater their sense of loyalty. They develop a sense of belonging — perhaps that is a better word. This fits in well with the Japanese family system and social pattern. Many of our retired workers, especially those in the lower and middle executive categories, retain a strong sense of belonging to Furukawa. And we stage parties for these people so they can keep up the ties. We also maintain special recreation facilities for them where they can play mahjong or Japanese chess — all at company expense. We may not pay them salaries any more but we continue to look after them, which is a good thing.

Of course, in times of recession it is difficult not to reduce our staff. But somehow we manage. Right now, we are breathing a sigh of relief at having recovered from one of the most difficult tests we have faced. The recession following the oil shock of 1973 forced us to make all kinds of adjustments, but through it all we managed — though it was difficult — to avoid firing anyone.

In a way, it makes me envious to learn that in a joint venture we have with Mitsu Bussan in Brazil, for example, people are released just like that when circumstances warrant. But for Japan, I believe the lifetime employment concept is a good thing. It suits our way of life. The feeling of everyone working together as one big family produces harmony and good results.

Q: What else do you think can be done besides reducing salaries after 55?

A: I think it would be good to institute a system of pay increases on merit, not seniority. This would be good not only for younger employees but those in their 40s and 50s as well. We must also take into

account changing values. According to studies of young employees, 16 percent find their primary interest in life in their work for their company, 21 percent consider their private life more important, and the rest place equal weight on their work and their personal life. This is definitely a moving away from be-

fore when younger people thought only about themselves. Starting around four or five years ago, I saw a gradual return to prewar values — the work ethic. Of course, not exactly the same as prewar, but the trend now places greater value on one's work, which I believe is a sign of growing social stability.

MITSUI TRUST

A GUIDING LIGHT FOR JAPANESE INDUSTRIES

We are the oldest trust bank in Japan and our total assets exceed 28 billion U.S. dollars.

However, what we are proud of is not the age, nor the size, but the quality and standard of our services.

We command a key position in the Mitsui Industrial Group and also extend our services far outside the Group. We are confident in giving you advice in project financing, medium-term financing and security investment, as well as normal commercial banking, in the area where those Japanese industrial activities are concerned.

Needless to say, our services are backed up by a thorough research capability, a worldwide network and, above all, the best of personnel to cope with any project anywhere.

Total Assets U.S.\$ 28,971 million

Capital Funds U.S.\$602 million

(as of September 30, 1978; U.S.\$1 = ¥189.40)



THE MITSUI TRUST & BANKING COMPANY LIMITED

London Branch: 98 Bishopsgate, London EC2M 3XD Telephone: 01 638 0841 Telex: 888679 MYTRUST G Cable Address: TRUSTMIT LONDON EC2
General Manager: Saburo Itoh, New York Branch: Telex: 222401 MBCO UR Cable Address: TRUSTMIT NEW YORK Singapore Representative Office:
Telex: 23796 MITYUB RS Cable Address: MITYUBTRUST SINGAPORE Head Office: Tokyo, Japan Telex: 226387 Cable Address: TRUSTMIT TOKYO
Subsidiary: Mitsui Trust Finance (Hong Kong) Ltd. Telex: 634123 MTSBK HX Cable Address: MYTRUSTFNNK

Proof of Progress 1978

Once again, Nikko's financial statement provides proof of progress and successful management policy. Income before extraordinary items was ¥66,779 million (US\$353 million) (up 36%), the highest since Nikko's founding. And despite the fluctuating yen-dollar rates, net income was up a full 35%, reaching ¥32,591 million (US\$172 million); and net income per share increased to ¥40.42.

1978

Success for our sixtieth year and for the future is reflected in the increase of stockholder's equity, now ¥165,897 million (US\$876 million). The demonstrable progress made in 1978 resulted in increased cash dividends (to ¥7, per share, including 60th anniversary ¥1 dividend).

For Nikko and its clients, 1978 was indeed a very good year.

Statement of Income

Year ended September 30

	1978	1977
Revenues		
Commissions	¥119,156	¥91,620
Interest and dividend income	15,389	14,943
Profit on sale of securities	17,167	18,983
Gross revenue	151,712	125,546
Operating Expenses		
Selling, general & administrative expenses	82,507	74,071
Interest expenses	2,736	2,619
Gross operating expenses	85,243	76,690
Operating Income	66,469	48,856
Non-operating income (expenses)	811(501)	524(253)
Income before extraordinary items	66,779	49,127
Extraordinary gains (losses)	(2,808)	734
Net income before income taxes	63,971	49,861
Provision for income taxes	31,380	25,650
Net income	32,591	24,211

Balance Sheet Data

As of September 30

	1978	1977
Assets		
Current Assets		
Cash on hand and in banks	¥45,338	¥39,177
Short-term loans	50,376	25,025
Securities owned	70,836	61,977
Securities held as collateral	142,150	100,106
Other current assets	124,763	122,532
Total current assets	433,463	348,817
Fixed Assets	44,300	44,272
Total Assets	477,763	393,089
Liabilities & Stockholders' Equity		
Liabilities		
Current liabilities	288,206	232,209
Long-term liabilities	14,067	13,131
Reserves	9,593	9,455
Total liabilities	311,866	254,795
Stockholders' Equity		
Common stock	40,313	40,313
Capital surplus	10,340	10,340
Earned surplus	82,653	63,430
Other stockholders' equity	32,591	24,211
Total stockholders' equity	165,897	138,294
Total liabilities and stockholders' equity	477,763	393,089

An integrated approach to investment and finance



THE NIKKO SECURITIES CO. LTD.

Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan Tel: 231-2211 Telex: 122410 Cable: NIKOSE TOKYO
Overseas Representative Offices: Paris, Beirut
Overseas Subsidiaries: The Nikko Securities Co., Ltd. (Europe) Ltd. London The Nikko (Switzerland) Finance Co., Ltd. Zurich The Nikko Securities Co., (Deutschland) GmbH Frankfurt am Main The Nikko (Luxembourg) S.A. Luxembourg The Nikko Securities Co. International, Inc. New York, San Francisco, Los Angeles
The Nikko Securities Co. (Asia) Limited: Hong Kong Nikko do Brasil Limitada: Sao Paulo Oceania Capital Corporation Limited: Sydney

CREATIVE TRADE IN ACTION

Creative trade means going beyond traditional import/export transactions. Marubeni unites financial, managerial, marketing and technical skills to back major development projects all over the world. Thereby creating new jobs and opportunities. While contributing to more diversified and balanced trade relations. A few examples:

Machinery: Marubeni not only promotes the world-wide exchange of advanced know-how and processes, but also exports entire industrial plants to countries interested in expanding their manufacturing base.

Metals: Marubeni does more than move large quantities of iron, zinc and other ores to market; we also survey, finance and develop new mines wherever promising deposits are found.

Food: Marubeni's grain imports to Japan total millions of tons per year. In addition, Marubeni storage silos in America, coffee plantations in Brazil and food processing plants in SE Asia export their products to many countries around the world.

Energy, textiles, chemicals: With joint ventures for oil in Peru, agricultural

chemicals in Malaysia and textiles in Nigeria. Marubeni is stimulating the growth of new industries in developing countries. Once these industries go on stream, we help market their products through our global distribution network.

Business intelligence: To unify these far-flung activities, and to ensure that each of our clients receives the benefit of our total organization, Marubeni operates a sophisticated corporate communications system that can relay messages around the world in a matter of minutes.

To find out more about Marubeni's activities as one of the largest general trading companies in Japan, write for a copy of our new book, THE UNIQUE WORLD OF THE SOGO SHOSHA. It explains how creative trade in action can mean new opportunities for you.

Marubeni
CORPORATION
C.P.O. BOX 595, TOKYO 100-91, JAPAN

MARUBENI EUROPE B.V. LONDON BRANCH: NEW LONDON BRIDGE HOUSE, LONDON BRIDGE STREET, LONDON SE1 9SW, U.K.

The Y.S. Line fleet is an active one.

Steady growth over 60 years has built an operational fleet of 170 vessels for Y.S. Line. This diversified fleet has enabled us to reach new heights in service and experience, so today we can claim to have one of the world's finest shipping operations serving practically every need in ocean transportation.

• Containerships • Cargo Liners
• Heavy Cargo Carriers • Tramps
• Lumber Carriers • Timber Carriers
• Chip Carriers • Coal Carriers • Ore Carriers
• Automobile Carriers • Ore and Coal Carriers
• Ore and Oil Carriers • L.P.G. Carriers • Tankers



Y.S. LINE
YAMASHITA-SHINNIHON STEAMSHIP CO., LTD.

Head Office: Palacade Building, Tokyo Japan, Tel. 1031 282 7500
Overseas Offices: New York, San Francisco, Los Angeles, Seattle, Chicago, Vancouver, Toronto, London, Düsseldorf, Kuwait, Tehran, Sydney, Melbourne, Nakhodka and Hong Kong



THE JAPAN DEVELOPMENT BANK

A Government Financial Institution

Supplying long-term funds for the promotion of primarily urban, regional and industrial development in Japan.

Total Assets: US\$19,261 Million
(as of March 31, 1978)

Head Office: 9-1, Otsumachi 1-chome, Chiyoda-ku, Tokyo, Japan
Tel: (03) 270-3211 Telex: J24343 DEVEBANK
London Office: Clements House, 10-11 Wood St., London, EC2V 7JR, U.K.
Tel: (01) 606-2629 Telex: 888907 JDBLDN
Frankfurt Office: (Rhein-Main-Center), Boekenheimer Landstrasse 51-53, 6000 Frankfurt am Main, F.R. Germany
Tel: (0611) 7243-41 Telex: 412946 JDBF
New York Office: Room 506, 71 Broadway, New York, N.Y. 10006
Tel: (212) 269-0527 Telex: 421054 KAIGIN
Washington Office: Suite 600, 1019 19th St., N.W., Washington, D.C. 20036
Tel: (202) 331-8046 Telex: 440084 JDBK U1



Computer Industry Burgeons Under Care

By Robert Y. Horiguchi

TOKYO (IHT)—"The Japanese are coming!" For some years now, this cry of alarm has echoed in the boardrooms of American and European computer manufacturers as indications grew that "Japan Inc." was about to stage a repeat performance of its past spectacular inroads into world markets for automobiles, steel, color TVs and cameras. The specter has not yet materialized, but neither is it showing signs of fading away.

Computers rank high on the list of priorities in Japan's ambitious policy to restructure its industrial edifice so as to place more emphasis on high technology or, in Tokyo's official jargon, "knowledge-intensive" industries. The plan, naturally, foresees that a substantial part of the computer industry's production will be exported. However, technological and other factors have had a restraining effect on this aspect of the plan's implementation.

One of these factors is both political and psychological. Japanese government and industry leaders are well aware that an all-out trade offensive at this time in the sensitive high-technology sector will further exacerbate Japan's current economic difficulties with the United States and the European Economic Community.

With more than an estimated 42,000 computer systems in operation, Japan stands second to the United States in the number of these devices in use. Valued at some \$13 billion, they range from highly sophisticated mammoth systems for banking, commerce and manufacturing purposes to desk-size office computers.

Yet the domestic market is far from being saturated. It has been growing at a rate of about 14 percent annually and is expected to continue doing so at about the same pace in the foreseeable future.

About 55 percent of these computer systems are of domestic manufacture having been supplied by a carefully protected industry that has been spoon-fed since its infancy in the early 1960s with lavish government subsidies, research and development grants, tax rebates and assorted privileges.

The policies pursued in nurturing the computer industry closely followed the successful pattern that has enabled Japanese automakers to achieve their present growth.

Shielded from foreign competition by tariff and nontariff barriers, reinforced by a "Buy Japanese" policy in government procurement, the domestic computer industry

moved fast to develop its home market.

Just as British Austins and French Renaults were imported for assembly in the early 1950s to provide the Japanese carmakers with the basic technology and know-how in their trade, Japanese computer manufacturers turned to the United States for the knowledge they needed.

Technology assistance agreements were signed between Hitachi and RCA, Nippon Electric and Honeywell, Toshiba and General Electric, Oki Electric and Univac and Mitsubishi Electric and TRW. All these domestic companies had the common background of being communications equipment manufacturers.

In another analogy with the blueprint for the development of the automotive industry, the Japanese computer manufacturers shied away at the outset from large-capacity systems and concentrated on small to medium equipment in the same manner as the carmakers laid stress on producing subcompact.

Paid Off

This play has paid off handsomely as these units, being comparatively cheap to install, found ready acceptance in that they met then existing market requirements and provided the foundation for the present wide usage of computers.

Carefully orchestrated by the Ministry of International Trade and Industry, wielding a heavy baton in the form of "administrative guidance"—a unique Japanese expression of bureaucratic power—to keep the manufacturers to the established blueprint lines, the program was energetically implemented.

As a counterpart to this stick, the government dangled before the manufacturers juicy carrots in the form of legislative measures in their favor.

A powerful "computer lobby," generously financed by the manufacturers, came into being in the Diet (parliament) to ensure the enactment of such legislation.

In 1964, a "temporary" law to assist the development of the computer industry was adopted. Originally, this statute was to remain in effect for seven years. It has since been renewed three times.

Moreover, so cozy are the relations between officialdom and industry that when Sho Akazawa reached the peak of his government career as MITI vice minister, he was promptly offered the job of vice president of Fujitsu, one of the front runners in the computer field.

Today, this carefully tended industry has grown to the point

where its members claim they have closed the technological gap with the United States insofar as computer hardware is concerned.

This has led to suggestions that the Japanese computer industry is now at the same critical point of takeoff in which the automotive industry found itself in 1960.

However, if car making was instrumental in helping the growth of so-called ancillary industries such as steel, glass, rubber and others, computer manufacturing has been lagging behind in its efforts to follow suit.

To remedy this situation, MITI has now set its sights on promoting the development of computer software—in which experts consider Japan to be trailing 10 years behind America—and the manufacture of semiconductors on which the future of computer manufacturing so largely depends.

For this purpose, the ministry has asked for a hefty \$230-million budget this fiscal year to subsidize principally software development, as well as research and development in very large scale integration (VLSI) of semiconductors.

The high cost and risks involved in this VLSI development has brought about a reorganization of the computer industry. Financially plagued Oki Electric, one of the original six Japanese mainframe manufacturers, has dropped out of the consortium established under MITI auspices to develop VLSI circuitry for the next generation of computers. It later announced its withdrawal from the large- and medium-sized computer field.

Toshiba has also decided to abandon the mainframe market. It transferred its large- and medium-scale computer operations to Nippon Electric-Toshiba Information Systems, established for the development of VLSI components.

Mitsubishi Electric has joined with Fujitsu and Hitachi in the consortium although it is concentrating its efforts on the manufacture of smaller desk-sized machines.

Fujitsu, together with Hitachi, continues to offer a full line of computers, ranging from the office models to the large systems.

Of the two, Fujitsu is devoting its resources mainly to computers, gradually cutting down its operations in the telecommunications equipment. Last year, it announced that 76 percent of its gross sales were in computers.

Hitachi and Fujitsu, who have jointly developed the M-series, the latest generation in domestic computers, announced last year they had built what they claimed was

the world's largest and fastest computer system.

This was another episode in the one-upmanship pattern that has characterized the rivalry between IBM and the Japanese computer manufacturers.

Just as the Japanese automotive industry set its sights on General Motors and Ford as targets to catch up with and overtake, computer manufacturers have looked upon IBM as their bete-noire.

Whenever IBM has announced a new advanced system, the Japanese manufacturers went one better within less than two years.

Leading European and American minicomputer suppliers have acquired a major share of this market in Japan, but domestic companies such as Toshiba and Oki, which have abandoned the production of large and medium computers, are now turning their attention to this field in which Nippon Electric is also very active.

Japanese computer manufacturers now control about 4 percent of the world computer market. This has led some observers to contend that European and American trade circles overreacted to what they looked upon as a global Japanese computer threat.

However, other observers point out that while the Japanese automotive industry depended on exporting 42 percent of its total output to keep it viable in 1960, this export dependency had grown to 54.5 percent in 1977, and they say the same could happen in the computer field in the next decade.

Three main options are open to the Japanese computer industry to expand abroad, and all three have been adopted.

One is the direct approach to markets through sales organizations of their own. But this is a costly, hazardous and long-range operation in which the Japanese find themselves handicapped by the language barrier and different trade practices. Price and rental-cutting are commonplace among Japanese computer manufacturers, and they are aware that exporting such practices together with their products could easily boomerang.

Hitachi has so far sold two large-scale computer systems to China, one for weather forecasting and the other for geological research. A spokesman for the company said

the annual export value of its computers is about \$350 million.

Another option is the backdoor approach to markets. It involves supplying foreign computer companies with products under the OEM (original equipment manufacturer) formula. These products are then marketed under the buyer's own label and have the advantage of disguising their source of origin, thus overcoming possible sales resistance among end-users.

Japanese color TV sets gained their major foothold in the U.S. market by using this OEM formula whereby firms such as Sears, Roebuck and Montgomery Ward, among others, sold the sets under their own brand names.

Fujitsu has entered into a marketing agreement with Siemens under which the West German firm will market large-scale Fujitsu computers under its own label, as it has been doing for Fujitsu Fanuc numerical control equipment.

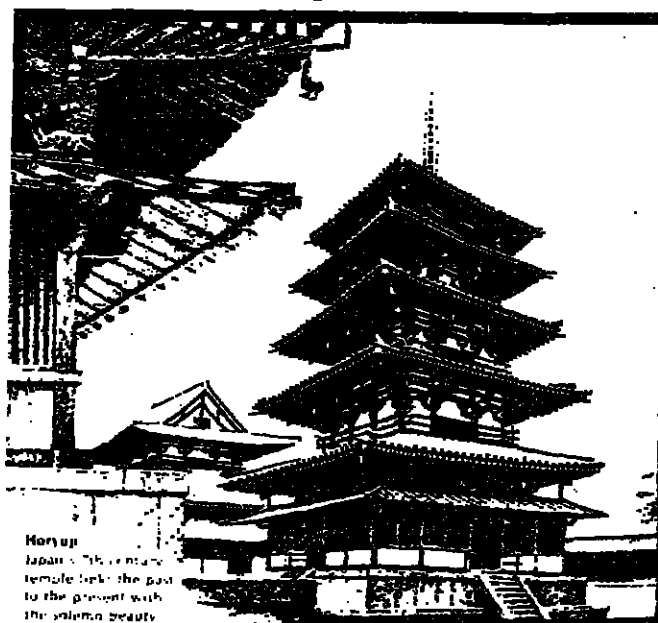
Hitachi is also supplying its computers to Intel, which markets under its own brand name the large M-180 system as the top of its line of central processing units in North and South America. Western Europe and Australia. Hitachi further handles the export of Nippon Peripherals Ltd. (a joint Hitachi-Fujitsu venture) disc drives to Calcomp and supplies NCR with floppy disc storage systems.

Joint Ventures

The third option is that of setting up joint ventures. Fujitsu has acquired an equity participation in the Amdahl Corporation of Sunnyvale, Calif., and produces mainframes in Japan for assembly in the United States and Ireland. In the last two years, it has reportedly delivered more than 150 large-scale systems to Amdahl, which markets them under its name in North America and Europe.

Fujitsu has also established a joint venture in Spain for the manufacture of computers and has further acquired a 20-percent equity share in Consolidated Computers, a Canadian semigovernment firm. It is also participating in a marketing joint venture in Australia and has offered its know-how and participation in the fledgling Brazilian computer industry.

To Future Generations, Security



Social welfare is a subject of serious consideration in most modern societies. Man in the twentieth century accepts his responsibility to bequeath to the next generation a society better than his own. Daiwa Bank is not unique in accepting this responsibility, but Daiwa is unique in making acceptance of this role in society an integral part of their banking service.

Daiwa is the only Japanese city bank to combine banking and trust business. Daiwa is thus a fully integrated banking institution, comprising banking, international financing, trust, pension trust, and real estate business. This integration is part of our effort to fulfill our social responsibility consistent with society's needs in a contemporary environment.

a fully integrated banking service

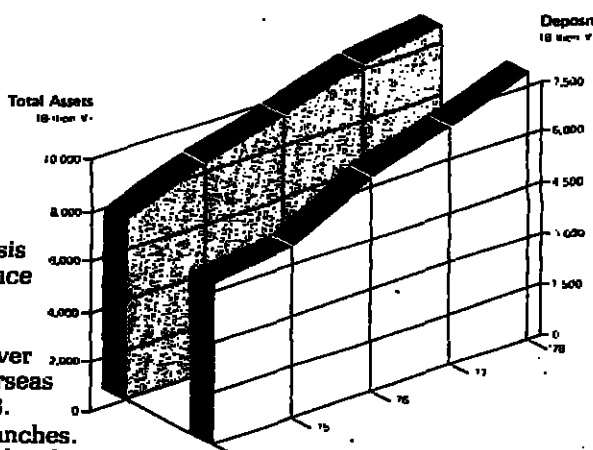
DAIWA BANK

Head Office: Osaka, Japan
London Branch: Winchester House, 77 London Wall, London EC2N 1BD
Frankfurt Branch: Eschersheimer Landstrasse 14, 6000 Frankfurt am Main 1, F.R. Germany
New York and Los Angeles Agencies
Singapore, Sydney, Sao Paulo, Hong Kong, Houston and Paris Representative Offices
Subsidiary: Daiwa Bank Trust Company, New York
Joint Venture Banks: P.T. Bank Perdamia, Jakarta, International Credit Alliance, Ltd., Hong Kong

If you judge a bank by results, take a look at Sanwa Bank.

Sanwa Bank has used its considerable retail banking experience for the expansion of its domestic network—223 branches in Japan—as the basis of its corporate philosophy since 1933. We have been steadily expanding the range of our international client services ever since we opened our first overseas office in San Francisco in 1953. Sanwa Bank now has nine branches, nine representative offices and eighteen subsidiaries and affiliates overseas offering a range of services from foreign exchange and the guaranteeing of overseas bonds to the provision of loans to corporations and foreign governments.

If you're looking for a way into Japan, keep Sanwa Bank in mind. We offer an exceptionally steady growth record, all the strength and experience of a long-established home base, plus a freshness of approach to international banking that is reflected throughout our overseas network. We look forward to dealing with you.



FINANCIAL HIGHLIGHTS (March 31, 1978)

	in millions of Yen	in millions of US\$
AT THE YEAR END		
Total Assets	¥111,148,683	\$50,140
Deposits	7,894,361	35,504
Loans and Bills	6,466,083	29,081
Paid-up Capital	89,100	401
FOR THE YEAR ENDED		
Operating Income	624,580	2,809
Operating Expenses	572,739	2,576
Operating Profit	51,841	233
Net Profit	55,880	251

(Note: Amounts are converted into U.S. dollars at the rate of ¥222.35 as of March 31, 1978)

SANWA BANK

Tokyo, Osaka and 223 offices in Japan

INTERNATIONAL HEADQUARTERS: Tokyo, 1-1-1, Otsumachi, Chiyoda-ku, Tokyo 100 TEL: (03) 216-3111.
Osaka: 10 Fukushima-4-chome, Higashi-ku, Osaka 541 TEL: (06) 202-2281
OVERSEAS NETWORK: London, Düsseldorf, Frankfurt, Brussels, Beirut, Tehran, Hong Kong, Kowloon, Seoul, Bangkok, Kuala Lumpur, Singapore, Manila, Jakarta, Sydney, Honolulu, San Francisco, Oakland, Sacramento, San Jose, Mountain View, Los Angeles, Chicago, New York, Houston, Toronto, Panama, São Paulo

Financial handiwork

Sumitomo Bank.
Where up-to-the-minute computerization helps make business easier and more efficient.
But helpful hands will always play a prime part in getting a project done.

Sumitomo Bank

London, Düsseldorf, Brussels, Vienna, New York, Chicago, San Francisco, Seattle, Houston, Mexico City, Hong Kong, Singapore, Jakarta, Seoul, Sydney, Beirut, Tehran, Cairo

Overseas Office and Submissions:
London, Seattle, Houston, Singapore, Kuala Lumpur, Caracas, Algiers, Beirut, Riyadh, Baghdad.

日本

Sumo Wrestlers Grapple With Pageantry and Poundage

By Andy Adams

TOKYO (IHT) — Every afternoon during the grand sumo tournaments, 15,000 Japanese fans jam the four-man, straw-matted boxes and seats of the nation's arenas to see the feudal pageantry and excitement of one of the world's most colorful sports. Mil-

lions more watch or listen to nation-wide broadcasts of the final two hours of the matches. Indeed, if anything can break the concentration of the work-dedicated Japanese, it is sumo — the ancient style of Japanese wrestling that combines tradition, ritual and man-to-man combat.

Giant Japanese sumo wrestlers,

who regard themselves as modern samurai, battle for supremacy in the nation's oldest sport. Their existence is Spartan, and only the strong and long-enduring survive. Grand champions and other top-ranked wrestlers are national heroes, some earning more than \$200,000 a year.

Sumo is 2,000 years old, but it

was not until the beginning of the Tokugawa period (1603-1867) that it became a professional sport and began to assume something of its present form. The most important single development in sumo occurred in the mid-16th century with the creation of the dohyo — the circular boundary that sets it apart from nearly all other forms of wrestling.

The sumo art of pushing or throwing an opponent out of the ring involves a series of 30 basic techniques, including arm, leg, hand and hip throws as well as pushing, pulling, twisting, tripping, slapping, thrusting and lifting tactics.

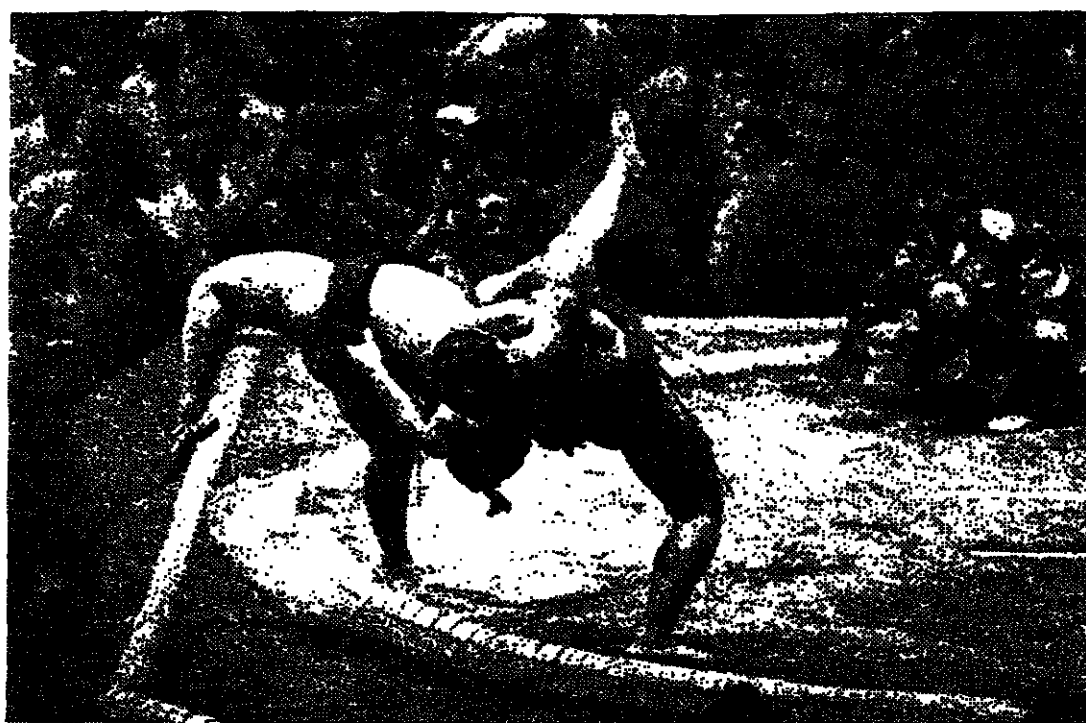
If a wrestler steps out of the ring during a bout, even with only a big toe or his heel, he loses. The almost 15-foot-diameter dohyo is circumscribed by half-buried straw bags filled with pebbles and earth and set on a 2-foot high, 18-foot square mound of special, hard-packed clay. The dohyo is sprinkled with sand, which is mixed with salt that wrestlers throw in the ring during the four-minute preliminary ritual, the shikiri-naoshi.

Each of the six annual, 15-day tournaments (bashos) consists of a long series of daily bouts, with more than 650 rikishi (wrestlers, or men of great strength) separated into six divisions. But unlike judo, boxing and Olympic-style wrestling, sumo does not divide its contenders into weight classes. Thus, one may find a 235-pound rikishi in the top Makunouchi division taking on an opponent nearly twice his size.

Three of the six bashos are held in Tokyo, in January, May and September; the March basho is in Osaka, July's is in Nagoya and November's is scheduled for Fukuoka. Wrestlers in the two top divisions compete in 90 bouts a year. Those in the four lower divisions fight seven times each basho.

417 Pounds

Each of the 36 rikishi in the Makunouchi division — who may reach 6-feet 6-inches and 417 pounds — is pitted against a different foe each day, and the one compiling the best win-loss record is declared the winner of the emperor's cup. A playoff is held if two or more wrestlers are tied for the lead on the final day. The same system applies to the other five divisions.



Balance and agility are as important as power and bulk in sumo.

(ion) maintains a clinic, where regular physical examinations of the wrestlers are conducted. Clinic doctors stress the importance of the ex- ants since the wrestlers' massive eating and drinking and the rigorous training can lead to a variety of ailments and injuries, including high blood pressure, diabetes, liver and kidney trouble, pancreatitis, gout, inflammation of the joints, strained muscles, sprains, dislocations, bruises, contusions and an occasional fracture.

Many of these ailments are chronic and, when added to earlier retirement that suddenly drastically curtails their vigorous life-style, send sumo wrestlers to an early grave. The clinic has figured the life span of a yokozuna to be 49 years, and that the average top-ranked wrestler dies at 58, some 14 years below the national average.

Rewards

Only when a wrestler is promoted to the second-highest division does he start receiving a monthly salary. A yokozuna receives a monthly salary of \$47,000 yen (\$2,735) plus a bimonthly tournament allowance, bimonthly traveling expenses and a quarterly allowance for renewing his rope belt. The Sumo Kyokai gives 2 million yen to the tournament winner in the Makunouchi division. Individuals, companies and sponsor clubs back bouts in the top division — where a winner may earn as much as \$1,500 from a single match.

But perhaps the most lucrative source of income for the rikishi and the stables is the sponsor group, or fan club, called koenkai. The most prestigious wrestlers have more than one koenkai, at least one of which includes a leading government minister, prefectural governors, industrial magnates and leading figures in other fields. When a rikishi wins a tournament or performs exceptionally well, his sponsors are each assessed an amount — up to 5 million yen in some cases — to be given to him secretly.

Noted Japanese psychologist Hiroshi Aiba has noted that the popularity of sumo is increasing among both young and older Japanese, about 7 percent every year. Old-timers enjoy it because it reminds them of bygone days, while the young people see it as a part of the old Japan they never knew but may still enjoy.

Helping You Make It Happen.

Whether your market is Japan or international, you'll want to know us—Toyo Trust. We're one of Japan's major trust banks, offering full banking services in Japan, especially long term credit. We stand ready with the knowledge and know-how you require.



TOYO TRUST BANK

The Toyo Trust & Banking Co., Ltd., Tokyo, Japan

International Department: 2-3, 1-chome, Nishi-Shinjyuku City, Tokyo, Japan
Telephone: 03-211-7881 Telex: J22123 JTBKJ
New York Branch: 400 Broadway, 27th Fl., New York, N.Y. 10006 U.S.A.
Telephone: (212) 482-1234 Telex: 222675 JTBKJ
London Branch: 25 Abchurch Lane, London EC4N 3UE, U.K.
Telephone: 01-420-2191 Telex: 620415 JTBKJ
Hong Kong Representative Office: 25th Floor, Bank of China Tower, 100 Queen's Road, Hong Kong
Telephone: 5-265657 Telex: 851288 JTBKJ

Deutsche Bank, a century of universal banking.

To find the spectrum,
you need the prism.

A universal bank, such as Deutsche Bank, acts as a prism. It takes in the widely varied problems of a multitude of clients (individuals and companies; governments and institutions) and carefully breaks each one into its various components in order to find the simplest, quickest and most efficient solution.

Once found, these solutions are passed back to the client in the form of advice — be it in the field of foreign exchange, bond issues, export/import finance, portfolio manage-

ment or any other financial deal.

100 years of international business experience have given us the capacity, worldwide, to offer the fullest possible range of services in all their diverse facets.

Come to Deutsche Bank, when you want the full spectrum of banking services focused on your problem.



Deutsche Bank

Central Office Frankfurt/Main, Deutsche Bank

Deutsche Bank AG
London Branch
10 Moorgate, P.O. Box 441
London EC2P 2AT
England
Tel: 606-44 22

Deutsche Bank AG
Succursale de Paris
10 Place Vendôme
F-75001 Paris
Boite Postale 468
F-75026 Paris Cedex 01
Tel: (16) 11 3618202

Deutsche Bank AG
Tokyo Branch
Mitsubishi Bldg Annex
3-1 Marunouchi 2-chome,
C.P.O. Box 1430
Tokyo 100-91, Japan
Tel: 21419179

Deutsche Bank AG
Osaka Representative Office
5th Fl. Roman Bldg
4-46 Honmachi,
P.O. Box Higashi 215
Osaka 541, Japan Tel: 06-244-1377-9

السعودية العربية

Oil Giants Headed for Record Year

But Windfall Gains Jatter Their Image

By Anthony J. Parisi

NEW YORK, March 12 (NYT) — Five years ago, the Arab embargo created a shortage of oil, prices soared as did profits — and the public loosed a barrage of flak that the industry still smarts from. Now, in oil in Iran has created another shortage, prices are climbing fast and company earnings are about to soar again.

Oil industry analysts predict that the first quarter will be one of the strongest ever, with profit increases ranging up to 100 percent. And still higher prices are apparently on the way. The result is that this year will be the oil industry's best since 1974.

Returns that year surged at least 5 percent above those of U.S. industry in general. Although no one is suggesting that this year's gains will be as dramatic, the timing is bound to prove embarrassing and responsive to public opinion.

The bulk of this year's improvements in earnings, oilmen say, will come from a series of factors that have nothing to do with the Iranian oil.

The world capacity to refine and process crude was reaching its limit, summed up Bruce Lazier, oil analyst with Paine Webber Mitchell Inc., even before the shah began to fall. Light crude oils were being scarce even as heavy crude was languishing.

Then an extremely cold winter in Europe, firming up the market for fuel oil. In addition, the dollar strengthened, which may turn last year's currency-related losses into gains, financial experts say, providing a gain totally unrelated to the companies' performance. What's more, analysts note, the first half of 1978 was particularly weak for the oil industry, and that, too, will make any gains during the first half of 1979 look hefty by comparison. Still, the high prices triggered by continuing curtailment of Iranian

U.S. Study Lists Gains

From Geneva Trade Pact

By Clyde H. Farnsworth

WASHINGTON, March 12 (NYT) — An authoritative research report of Congress has concluded that a liberalized world trade agreement being negotiated in Geneva would bring "significant rewards" to the United States but would result in lost jobs in the urban manufacturing areas of the Northeast.

The analysis was made by the Congressional Budget Office, which is charged with making impartial examinations of economic issues that come before the legislature.

The CBO study foresees "significant rewards," including reduced inflationary pressures, more efficient production and wider export markets, but perceived that the Southern, Western and Midwestern areas would gain at the expense of the Northeast, and that semiskilled workers, especially women and members of minorities, would be hurt the most.

Congressional debate is expected to begin this spring on the reductions in tariffs and non-tariff barriers that have been under negotiation for five years and are nearing agreement in Geneva.

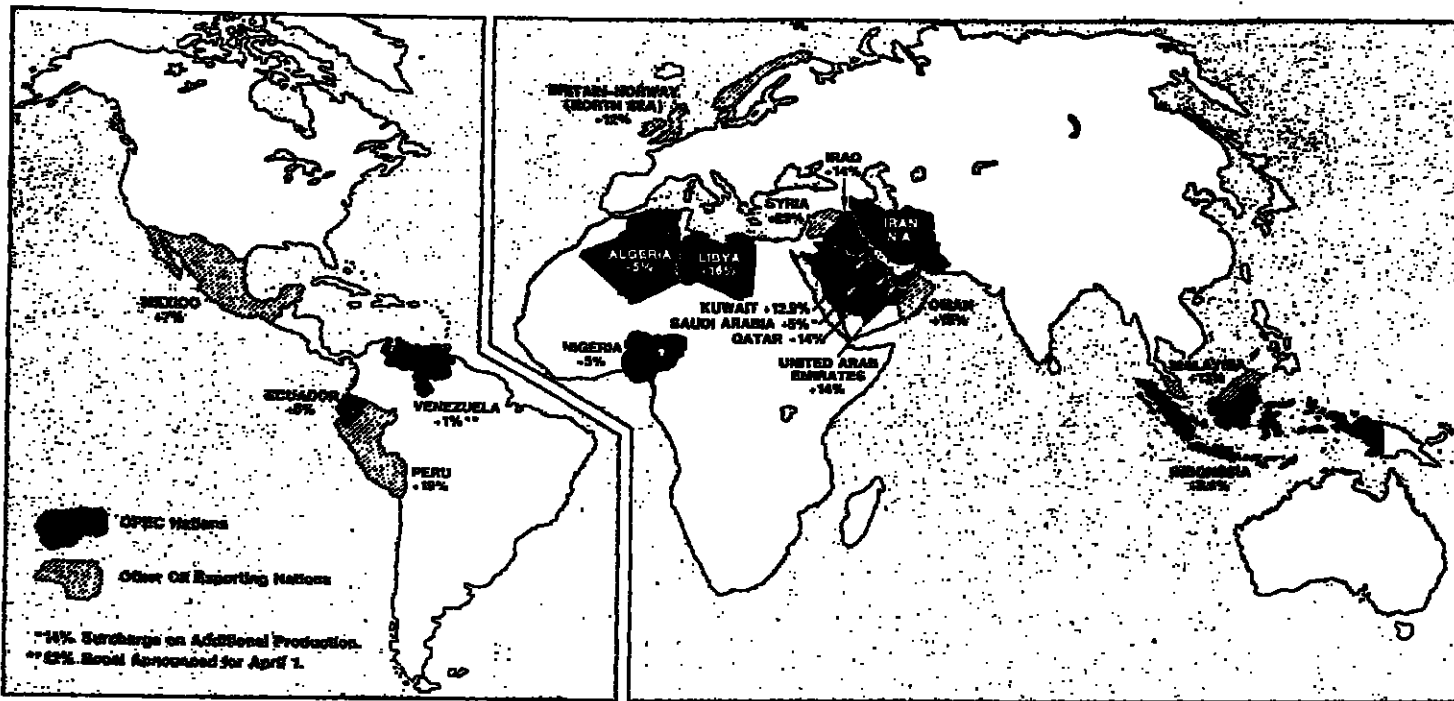
Liberal Turnabout
Liberal congressmen have generally supported free trade policies while conservatives have taken a more protectionist view. But the budget office concluded that urban states, whose representatives tend to be liberal, would suffer and this could result in a political turnabout.

The United States has the largest foreign trade in the world. In fiscal 1978 it amounted to \$350 billion, but imports exceeded exports by \$28.2 billion, the nation's largest trade deficit ever.

New England and Midwest states would suffer the largest displacement of workers, the congressional report said. Newly created jobs would be concentrated in the Southern, Midwestern and Western areas, with especially large increases in the Midwest agricultural regions.

Layoffs of Unskilled
The brunt of the layoffs would be borne disproportionately by semiskilled workers in labor-intensive industries like textiles, footwear and other leather products, food utensils, steel products, radio and television sets and jewelry.

President Carter's Special Trade Representative, Robert S. Strauss, has already made a series of arrangements that give some of the industries, notably textiles, shoes and television, somewhat greater protection.



Map shows rise so far this year in the contract price charged by major oil exporting nations. Increases are based on Arab light, the so-called "benchmark" crude produced by Saudi Arabia

an oil will be an important contributor to the industry's earnings this year. But contrary to the popular view, analysts say higher OPEC prices do not translate directly into higher profits. Nevertheless, they add, whenever the market tightens and world prices rise, the companies stand to benefit from some "windfall" profits.

Oilmen complain that the public seriously overestimates the size of the "windfall," and does not realize

that the lion's share of windfalls are picked up by the oil companies, not the oil producers. They point out that Iran, Libya, Iraq and others are themselves selling increasing volumes of oil on the spot market, sometimes reneging on their long-term contracts to do so.

Today, conditions are ripe for another sort of oil-profits windfall, involving only a few of the largest companies.

Since Saudi Arabia now charges

that sold for \$12.70 a barrel on Jan. 1. Today it brings \$13.34. Boosts include the 5 percent hike implemented by OPEC in January and increases attributed to the Iranian crisis.

about 9 percent less for its oil than most of the other Arab producers, the companies that buy from the Saudis have an advantage, analysts say.

But the companies that make up the Arabian American Oil Co., which purchases almost all of the Saudi oil, say otherwise. Executives of the Aramco partners — Exxon, Texaco, Mobil and Standard of California — say the outside view is simplistic. "We sell that crude in re-

lation to what the Saudis charge," insisted Jack Bennett, senior vice president of Exxon.

The analysts concede that political pressures force the Aramco partners to sell their Saudi crude based on actual costs, not market dynamics, but they assert that some windfall profits are inevitable.

The companies say they make no special profit in passing their products on to dealers. The analysts insist that the Aramco companies benefit from this windfall just as much as the smaller distribution firms that the big companies supply.

"There is no question in my mind that we will be receiving some economic rent (windfalls)," conceded William King, director of policy analysis for Gulf Oil, which is not an Aramco member. "But you cannot say that we are taking advantage of anything. The last couple of years our returns have been declining."

Gulf last year showed a return on shareholders' equity of 10.5 percent. Its return on average employed capital was 8.7 percent. That, Mr. King noted, was "less than the prime rate."

When profits shot up in 1974, there were a couple of other factors at work as well. One will not recur this time. The other will, but on a much more modest scale.

Outlays Up 3% by U.S. Firms in '79

Capital Spending Rise Trails 5% Gain of '78

WASHINGTON, March 12 (AP) — Businesses plan to spend about 3 percent more on new plants and equipment this year than last after adjustment for inflation, the Commerce Department said today.

The modest increase follows an estimated "real" inflation-adjusted rise of about 5 percent in 1978, the department said.

Its regular quarterly survey conducted in late January and February showed that businesses plan to increase capital spending 11.3 percent before inflation adjustment to \$171.1 billion this year following a 13.3-percent rise last year to \$153.8 billion.

The department said the spending plans for 1979 jibe with a poll it released in January that also predicted a 3-percent spending rise after inflation adjustment. Before inflation adjustment, the department's most recent survey said that manufacturing industries plan a 14.7-percent increase in outlays to \$77.54 billion following a 12.4-percent rise last year to \$67.62 billion.

Durable goods industries are planning a 19.5-percent rise to \$37.84 billion following a 14-percent rise last year to \$31.66 billion. Non-durable industries are planning a 10.4-percent rise before inflation adjustment to \$39.70 billion after an 11-percent gain last year to \$35.96 billion.

Non-manufacturing industries are planning an 8.6-percent rise before adjustment for inflation in plant and equipment spending to \$93.6 billion following a 13.9-percent increase to \$86.19 billion in 1978.

In another report, the department said that retail sales in February rose 0.6 percent to a seasonally adjusted \$71.47 billion. The month's sales compared with a rise of 0.2 percent in January to an adjusted \$71.03 billion. Previously, the department reported that the January gain was 0.4 percent.

It said durable goods sales declined less than 0.1 percent in February to an adjusted \$25.27 billion after rising 0.4 percent the month before to an adjusted \$25.27 billion.

NYSE Prices Mixed On Moderate Trade

NEW YORK, March 12 (Reuters) — Prices overcame some initial weakness on interest rate worries on the New York Stock Exchange today to finish mixed in moderate trading.

The Dow Jones industrial average added 1.82 to 844.68, but losers

Fed Is Seen Lifting Rate

NEW YORK, March 12 (NYT) — For the first time since mid-December, the Federal Reserve has decided to raise short-term interest rates to a slightly higher level.

That, at least, is the dominant view of Wall Street's bond dealers following the central bank's controversial action in the money market on Friday. If it is an accurate assessment, it would mean another general round of interest rate increases. Today, First National Bank of Chicago raised its prime rate to 11 1/4 from 11 1/8, bringing into line with the prevailing rate.

Most analysts expect the Fed to confirm the change through its actions today or tomorrow. The central bank, of course, does not comment on its actions.

The Fed's market operations Thursday and Friday "suggest to us that a slight policy firming is most likely in progress," Elliott Platt, economist at Donaldson, Lufkin & Jenrette, said Friday. His view appeared to be shared by most dealers and analysts.

Late Thursday, the Fed and other banking authorities announced they were making money-market certificates somewhat less attractive for investors in a step that was aimed in part to slow housing activity and the overall economy and thereby reduce inflationary pressures.

On Friday, the Fed's behavior convinced many dealers it had decided to lift the federal funds rate — the rate on overnight loans between banks, which is the money market's basic short-term interest rate and the rate over which the monetary authorities exert the most direct control. Since Dec. 19 the funds rate has remained pretty well fixed at 10 percent or slightly higher. Now many observers are wondering if the Fed is raising the level to 10 1/4 percent, which is where it closed today.

led winners 748 to 671 as volume contracted to 25.74 million shares from the 33.41 million traded Friday.

Takeover candidates and casino issues continued to highlight trading activity. Texas International added 1 1/4 to 11 1/8 in heavy trading. It said recent big buyers of its shares may seek control or a complete takeover.

Centronics Data Computer, periodically a target of takeover speculation, gained 2 1/4 to 37 1/4. It said it could not explain the rise.

Among casino issues, Caesars World added 1 1/4 to 57 1/4. Bally Manufacturing rose to 64 1/4. Del E. Webb 1 1/4 to 23 1/4 and Playboy 1 1/4 to 24. Howard Johnson rose 1/4 to 12 1/2.

Sears Roebuck topped the active list. It reported solid gains in fiscal fourth quarter profits and added 3/4 to 20 1/4. A block of 673,100 shares moved to 20 1/4.

Seaboard World Airlines rose 1/4 to 12 1/4. A court lifted an injunction allowing Tiger International to proceed with its bid for 638,000 Seaboard World shares at \$12.30 each. The offer expired after the close. Tiger lost 1 1/4 to 20 1/4.

National Airlines rejected a merger bid from Texas International Airlines and added 1/4 to 30, ex-dividend. It also has proposals from Pan American and Eastern Airlines. Texas International Air added 1/4 to 12 1/4 in active American stock exchange trading.

Cyprus Mines picked up 1 1/4 to 29 1/4. Standard Oil (Indiana) met with Cyprus officials but would not comment on the meeting. Published reports said a takeover was discussed.

Washington Steel jumped two to 39 1/4. Its board recommended holders accept a takeover bid from Blount Inc. at \$40 a share. Blount added 1/4 to 20 1/4 on the American Stock Exchange.

National Gypsum said its tender offer for up to 1,250,000 shares of its stock at \$30.50 a share was over-subscribed. The company said it received tenders for more than four million shares. Gypsum said it will purchase no less than one million shares and further details on the purchase will be forthcoming.

Prices on the American Stock Exchange were up, with the index climbing 1.73 to 168.39.5.

On the Chicago Board of Trade, Soybean futures fell 4 1/4 to 9 1/2 cents a bushel.

Can Be Converted into Gas, Fuel Oil

Technology Exists to Exploit 'Heavy' Oils

By J. P. Smith

WASHINGTON, March 12 (WP) — America's plentiful reserves of heavy oils can profitably be converted into gasoline, heating and fuel oil at today's prices, in the opinion of an engineer who was among the earliest to point out the massive size and importance of Mexico's oil reserves.

Lawrence Goldmuntz insists that the technology is in hand, but that company experts say that while heavy oil has a bright future, it is much more complicated and distant than it may seem to outsiders.

Heavy oils have been ignored in the government's count of proven petroleum reserves on the ground that they are not economically exploitable by today's technology. But Mr. Goldmuntz, relying on research done by oil companies themselves, claims that new processes developed by the companies make heavy oil ready for profitable exploitation.

Heavy oils have far higher densities than conventional oil. Swirled in a jar, heavy oil pours like chocolate pudding. Some grades are as thick as asphalt and must be mined, not pumped, from the ground. Still other varieties, such as the tar sands of Utah, are like black lumps of sticky tar or soggy pieces of coal. But heavy oils can be refined into gasoline, heating or fuel oil.

Oil Reserves Doubled
There are 35 billion barrels of heavy oil deposits in California and 30 billion in tar sand deposits in Utah. They amount to twice the U.S. proven oil reserves, placing the two states potentially in the same world class as Iran.

Elsewhere, 750 billion to 3 trillion barrels of heavy oil are underground in Venezuela, and 600 billion barrels in Canada, with still more scattered throughout the western hemisphere. With current

technology, Mr. Goldmuntz and others say, 20 percent or more of these deposits can be produced now.

He says Exxon has a process which, according to the company itself, would enable it to produce heavy oil below the price now set by OPEC. Citing Exxon figures, he sets the cost of production of Jobo heavy crude oil (in Venezuela) at \$4.20 a barrel and the cost to upgrade the oil, including removing metallic impurities with an advanced refining process, at \$5.23 per barrel. The figures include 20 percent for "capital recovery." That still leaves the price per barrel below the \$14 or more that OPEC actually is charging now.

While the capital required is well above that needed to produce conventional oil, billions of dollars would be justified at current world prices, Exxon cautions, though, that the figures could be subject to inflation and unforeseen costs of scaling up for a major production project.

Union Oil vice president Joseph Byrne says that exploitation of heavy oils in California could increase California's oil production by at least 50 percent in the next decade.

Union, Getty, Cities Service and Standard Oil of California have staked out heavy oil claims in California. One oilman said Union has "a big position" in Santa Maria, Calif., where some of the largest deposits are located.

One reason why the United States does not have a program to develop heavy oils may be that the heavy oils and tar sands do not yet have a political constituency. There is no battery of heavy oil or tar sand senators pushing for development of their favorite fuels.

On Federal Lands

Howard Ritzma, a geologist with the Utah Geological and Mineral Survey, says that the federal government has been caught up in an argument over whether tar sands — most of which are on federal lands — should be leased to private companies as coal or as oil.

While it is not clear whether heavy oils can be developed as quickly as Mr. Goldmuntz says, the promise of heavy oil is well understood on Wall Street.

As long ago as May 1976, Goldman Sachs told its customers: "The oil industry has been very quiet about its heavy oil development programs because the major tax on the oil industry is the county and valorem tax, which is assessed on the present value of future cash flow from a producing property." But the firm advised that "the overall domestic crude oil shortage has opened up major new markets for heavy oil."

VW Raises Prices 2.9%

WOLFSBURG, West Germany, March 12 (Reuters) — Volkswagen is raising domestic prices on VW and Audi car models by an average 2.9 percent effective today. VW said the increases are the result of higher production costs.

Company Reports

Revenue, Profits in Millions of Dollars

First Boston			
4th Quar	1978	1977	
Revenue	23.40	21.10	
Profits	4.26 loss	0.41 loss	
Year	1978	1977	
Revenue	97.01	86.34	
Profits	1.08	3.31	
Per Share	0.31	1.03	

Heinz (H.J.)			
3rd Quar	1978	1977	
Revenue	\$75.40	\$23.30	
Profits	23.30	10.90	
Per Share	1.01	0.85	
9 months	1978	1977	
Revenue	1,750.	1,540.	
Profits	72.66	63.16	
Per Share	3.15	2.68	

Sears Roebuck			
4th Quar	1978	1977	
Revenue	4,930.	4,990.	
Profits	329.87	251.79	
Per Share	1.02	0.78	
Year	1978	1977	
Revenue	17,950.	17,220.	
Profits	921.52	837.98	
Per Share	2.86	2.62	

Revenue, Profits in Millions

Britain			
Year	1978	1977	
Revenue	14.60	11.00	
Profits	(Figures in Sterling)		

(Figures in Canadian dollars)

Canada			
Year	1978	1977	
Revenue	639.30	521.43	
Profits	125.13	104.28	
Per Share	11.16	9.29	

(Figures in U.S. dollars)

Scagran			
2nd Quar	1978	1977	
Revenue	\$91.30	\$10.20	
Profits	18.40	11.90	
Per Share	0.52	0.34	
First Half	1978	1977	
Revenue	1,380.	1,210.	
Profits	47.40	40.00	
Per Share	1.35	1.14	

(Figures in U.S. dollars)

FOR U.S. CITIZENS WITH SUBSTANTIAL PORTFOLIOS:

A commentary of the economic framework and recent market statistics.

A list of recommended stocks.

Portfolio Strategy

Investment Strategy Highlights

Goldman, Sachs & Co.

A comparison of earnings, yields, long-term bond rates and inflation.

A recommended portfolio structure by both industry and market group.

GOLDMAN SACHS RESEARCH CAN HELP YOU MAKE BETTER INVESTMENT DECISIONS.

At Goldman Sachs, we spend over \$7 million a year to give our clients the kind of research they need to make better investment decisions. In fact, this research is a key element in Goldman Sachs' number one ranking for four consecutive years as "Broker of the Year" and best overall services in polls conducted by *Financial World* magazine among institutional investors.

Investment Strategy Highlights is a sample of our comprehensive research product. You would most likely find it a help in planning your investment strategy. If you would like a copy, simply complete the coupon below or call collect Philippe Berman in our London Office on (1) 638-8677.

Goldman Sachs

Uncommon Capability

Goldman Sachs International Corp.
London Tokyo

Goldman Sachs AG
Zurich

Goldman Sachs International Corp
40 Basinghall Street, London EC2V 5DE

Gentlemen, Please send me a copy of your most recent Investment Strategy Highlights.

Name _____

Street _____

City _____ Post Code _____

Country _____

Member SIPC




Tables include the nationwide prices up to the closing on Wall Street

[illegible]

Closing Prices March 9, 1977

To keep a business rolling, it helps to have a banker with vision.

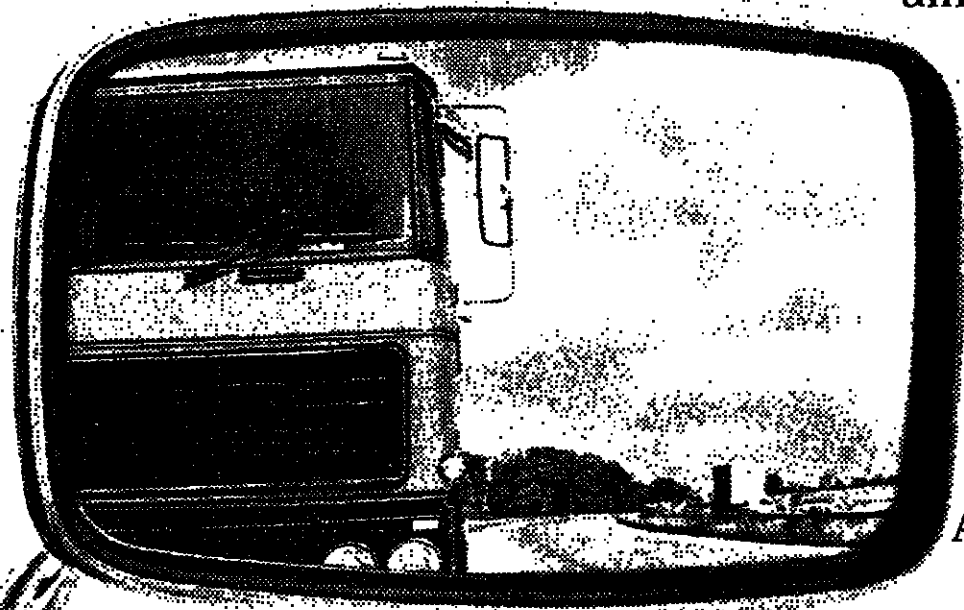

 American Express International Banking Corporation helps this manufacturer accelerate exports into a key market.

When a European manufacturer of heavy-duty trucks was expanding his business in the developing world, American Express Bank helped by financing the importer's purchases.

So the trucks kept rolling. Into an important export market. American Express Bank has a global network of commercial and investment banking branches and subsidiaries — 77 offices, covering all the major trade and financial centers of Europe, Asia, and the Middle East. Plus a New York Agency. And more than 2,000 active correspondent account relationships with banks around the world.

That gives us intimate knowledge of economic conditions in almost any country you can name.

If you're looking for new business opportunities, perhaps you should see a banker with vision.

  American Express Bank

By Eugene T. Maleska



ACROSS		47 On the ——— (punctually)	17 Proposed amendment: Abbr.
1 Repetition	5 Pick up surreptitiously	49 in "Pilgrim's Progress"	18 Business letter sign-off
9 Applaud	13 Summit	52 Lake dweller's aircraft	23 ——— acid, found in apples
14 Cater to	15 Swiss river to the Rhine	57 Gingerbread gourmands	24 U.S. satellite
16 Dwarf able to spin flax into gold	18 Rigor	59 Suffix for perform or conduct	25 Author of "The Unmade Bed"
19 Bay windows	21 Managed	60 Idiotic	27 Chicago airport
22 Pester	23 Maximum	61 Red, Black and White	28 Of the neighborhood
25 Hungry, sleepy trespasser	33 "I've Got ——— in Kalamazoo"	62 Dandelion, e.g.	29 Dental tool
		63 Roman's attire	30 Tint
		64 Dried out	31 Whip
			32 Membranes
			37 Like some processions
			38 Clean
			40 Highway sign
			43 Soaked
			44 Saw
			48 Dial O for ——— Abbr.
			49 G. B. or Irwin section
			51 Start of a fairy tale
			52 Impediment
			53 May or Ferber
			54 To ——— (precisely)
			55 Approach
			56 Threat word
			58 Year, in Spain

ALGARVE	C	F	MADRID	C	F
AMSTERDAM	8	46	FAIR	17	63
ANKARA	10	Overcast	MIAMI	20	68
ATHENS	19	Cloudy	MONTREAL	-6	21
BEIRUT	18	64	MOSCOW	3	34
BELGRADE	15	Cloudy	MUNICH	9	40
BERLIN	14	46	NEW YORK	2	36
BUSSELS	15	Cloudy	NICE	16	61
BUCHAREST	1	N.A.	OSLO	0	32
BUDAPEST	7	46	PARIS	11	23
CASABLANCA	21	70	PRAGUE	5	41
COPENHAGEN	4	39	ROME	18	57
COSTA DEL SOL	17	Mist	SOFIA	5	47
DUBLIN	8	46	STOCKHOLM	1	34
EDINBURGH	9	48	TEHRAN	22	N.A.
EL PASO	14	Mist	TEL AVIV	17	52
FRANKFURT	11	52	TOKYO	4	48
GENEVA	13	Showers	TUNIS	28	68
MELBORNE	1	Overcast	VIENNA	7	45
ISTANBUL	12	54	WARSAW	0	32
LAS PALMAS	16	Overcast	WASHINGTON	5	41
LEON	36	Overcast	ZURICH	9	48
LONDON	48	Overcast			
LOS ANGELES	23	73			

(Yesterday's readings U.S. and Canada of 170

ADVERTISEMENT

March 12, 1979

The net asset value quotations shown below are supplied by the Funds listed with the exception of some Swiss funds whose quotes are based on issue prices. The following marginal symbols indicate frequency of quotations supplied for the list: (d)—daily; (w)—weekly;

(a) = absolutely; (b) = regularly; (c) = irregularly.		Other Funds	
BANK JULIUS BAER & CO. Ltd.			
(a) Bond	SF 72.90	(e) Alexander Fund	57.10
(a) Eurobond	SF 47.00	(f) Arab Finance Fd	1,621.95
(a) Growth	SF 57.00	(g) Transatl. Fd. Int'l	3.74
(a) World Fund	SF 70.00	(h) Austral. Select Fd	1.48
BANQUE VON ERNST & CIE.			
(a) CSF Fund	SF 16.13	(i) Bundesl. - Iss. Fd	SF 123.15
(a) Euroswap Fund	SF 3.84	(j) Conv. Fd. Int'l	3.79
(a) Eurobond Capital Corp. Ltd.	58.05	(k) Capital Gains Inv.	12.80
BRITANNIA TRUST ANST.(C) Ltd.			
(a) Universal Dollar Trust	53.52	(l) Capital Reinforce	LF 1,375.00
(a) Int'l High Interest Trust	19.76	(m) Global Overseas End Fund	176.11
(a) Int'l High Interest Trust	19.76	(n) Global Fund	1.00
CAPITAL INTERNATIONAL.			
(a) Capital Int'l Fund	178.13	(o) Cleveland Offshore Fd	982.94
(a) Capital Italia S.A.	111.07	(p) Conv. Fd. Int'l	1.00
(a) Capital Europe Capital Corp. Ltd.	127.57	(q) Convert Fd. Int. & Cnls	14.43
CREDIT SUISSE.			
(a) Actions Suisse	SF 302.50	(r) D.E.C.	56.26
(a) Comcap	SF 49.00	(s) Dollar Fund (ex-Divid.)	5.13
(a) Eurobond	SF 62.00	(t) Dr. R. H. H.	1.04
(a) C.S. Fonds-Int'l	SF 50.75	(u) Drusus Intercont.	57.86
(a) Eurobond	SF 60.50	(v) Europe Obligations	LF 1,124.00
(a) Eurobond	SF 113.00	(w) First Int'l Fund	1,262.67
DIT INVESTMENT FRANKFURT:			
(a) Concord	DM 20.00	(x) First Int'l Fund	1,262.67
(a) Int'l Reinforce	DM 65.10	(y) Forsitel Issue Fv	SF 147.00
FIDELITY PO BOX 676 Hamilton, Bermuda:			
(a) Fidelity Amer. Assets	\$24.27	(z) Forsitel Issue Fv	1,262.67
(a) Fidelity Bond	\$1.00	(aa) Fidelity Fd. Int'l	12.16
(a) Fidelity Int'l Fund	\$22.02	(ab) Fidelity Fd. Int'l	12.16
(a) Fidelity Int'l Fund	\$22.02	(ac) Fidelity Fd. Int'l	12.16
(a) Fidelity World Fd	\$14.35	(ad) Fidelity Fd. Int'l	12.16
FIDELITY POB 195, St Heller, Jersey C.I.			
(a) Fidelity Sterling A	£3.48	(ae) Global Int'l Fund	DM 6.57
(a) Fidelity Sterling B	£3.48	(af) Hansmann Hdb. NV	5,267.48
(a) Fidelity Sterling C	£3.48	(ag) K.O.L. Hdb.	5,267.48
G.T. MANAGEMENT LTD.			
(a) Barry Pac. Fd.	£2.48	(ah) Iceland	11.15
(a) G.T. Bond Fund	HK\$ 10.02	(ai) Indonesia	11.77
(a) G.T. Bond Fund	13.45	(aj) Indonesia Multibonds B	1,019.79
(a) G.T. Dollar Fund	57.01	(ak) Int'l Invest. Fd.	1,019.79
JARDINE FLEMING:			
(a) Jardine Bond	92.74	(al) International Fund	1,521.61
(a) Jardine S.E. Asia	117.05	(am) Int'l Securities Fund	5.61
LYOIS BANK LTD. PO BOX 456 Geneva 11			
(a) Lyo's Int'l Growth	SF 33.00	(an) Investa DWS	DM 36.40
(a) Lyo's Growth Income	33.00	(ao) Int'l Invest. Fd.	5.94
ROTSCHILD ASSET MGMT (Bermude):			
(a) Reserve Assets Fd Ltd	99.41	(ap) International S.A. Fund	5.94
SOFIO GROUPE GENÈVE:			
(a) Parion Soc. R. Est	SF 1,201.00	(aq) Italiane Inv. Fd.	5.94
(a) Securaviso	SF 799.00	(ar) Japan Selective Fund	36.34
SWISS BANK CORP.			
(a) Swiss Bond	SF 316.00	(as) Japan Pacific Fund	5.42
(a) Swiss Bond	SF 49.50	(at) K.B. Income Fund	LF 1,502.00
(a) Swiss Bond	SF 49.50	(au) Kleinwort Bern. Jn. F.	5.26
(a) Swiss Bond	SF 49.50	(av) Leventhal Soc. Hdb.	5.26
(a) Swiss Bond	SF 49.50	(aw) Luofund	5.26
(a) Swiss Bond	SF 49.50	(ax) Mediterranean Sel. Fund	51.14
(a) Swiss Bond	SF 49.50	(ay) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(az) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ba) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(be) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bf) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bi) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bk) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bo) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(br) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bs) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bt) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(by) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(bz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ca) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ce) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cf) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ch) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ci) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ck) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(co) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cr) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cs) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ct) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cy) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(cz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(da) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(db) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(de) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(df) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(di) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dk) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(do) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dr) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ds) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dt) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(du) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dy) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(dz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ea) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ec) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ed) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ee) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ef) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ei) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ej) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ek) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(el) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(em) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(en) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eo) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ep) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(er) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(es) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(et) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(eu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ev) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ew) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ex) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ey) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ez) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fa) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fe) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ff) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fi) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fk) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fo) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fr) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fs) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ft) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fy) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(fz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ga) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ge) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gf) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gi) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gk) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(go) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gr) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gs) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gt) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gy) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(gz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ha) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hb) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hc) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hd) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(he) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hf) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hg) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hh) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hi) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hj) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hk) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hl) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hm) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hn) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ho) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hp) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hq) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hr) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hs) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ht) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hu) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hv) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hw) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hx) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hy) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(hz) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ia) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ib) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ic) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(id) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ie) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(if) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ig) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ih) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ii) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ij) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ik) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(il) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(im) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(in) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(io) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(ip) Newarth Inv. Fund	1.74
(a) Swiss Bond	SF 49.50	(iq) Newarth Inv. Fund	1.74

HEY, PITCHER, I'M A REPORTER FOR THE SCHOOL PAPER...

WHAT DO YOU THINK ABOUT WHEN YOU'RE STANDING OUT HERE ON THE MUD PILE?

THE MUD PILE?

I'LL PUT DOWN THAT HE WAS A LONELY LOOKING FIGURE AS HE STOOD THERE ON THE MUD PILE...

THE MUD PILE?

YOU'VE BEEN WORKING TOO HARD. SET ASIDE SOME TIME EACH HOUR TO RELAX

3-13

DO SOMETHING PLEASANT... LET YOUR MIND ROAM... REST YOUR EYES...

DOCTOR'S ORDERS

MARK WAPNER

I MET A BLOKE IN THE PUB, LUP FROM LONDON - E SAID I WAS AN ANACHRONISM

?

WHAT DOES THAT MEAN? I'VE NEVER HEARD THE WORD BEFORE

NEITHER AD I - SO I THUMPED UM TO BE ON THE SAFE SIDE

© 1993 King Features Syndicate, Inc.
 All Rights Reserved. King Features Syndicate, Inc.
 King Features Syndicate, Inc.

© 1994 Entertainment Inc. All Rights Reserved

WHERE'S RODNEY?

HE HIRED A GENEALOGIST TO TRACE HIS FAMILY ROOTS

NOW, FAR BACK HAS HE GONE?

NOT FAR... THEY'RE STILL IN THE CHICKEN COOP

Spade.

YOU FREE FOR LUNCH TODAY, PHRED?

I'M AFRAID NOT, VICTOR. THE CHINESE AMBASSADOR IS SCHEDULED TO SPEAK AT THE SECURITY COUNCIL.

NOT TOO SURPRISINGLY, THE STRAIN OF HIS POSITION IS BEGINNING TO SHOW. HE KEEPS CALLING ME UP TO ASK IF I'VE LEARNED OUR LESSON.

WELL, WELL, SPEAK OF THE DEVIL...

HEY, PHRED! YOU PUT YOUR HUNCH CONDO ON THE MARKET YET?

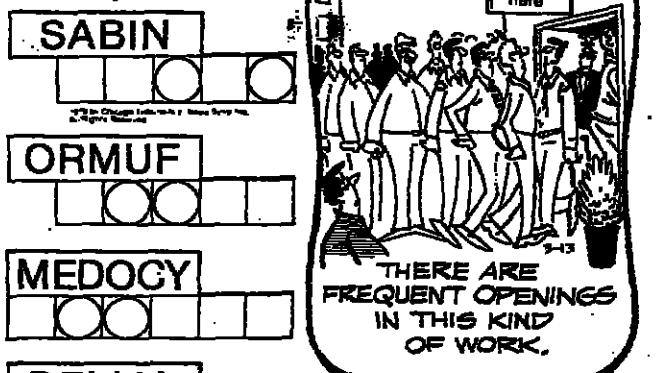
SEE YOU IN THE COURT OF WORLD OPINION, BUDDY!!

LISTEN, WHEN YOU'VE HAD ENOUGH, JUST LEAVE WORD WITH MY SECRETARY, OKAY?

Mankin

THAT SCRAMBLED WORD GAME

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



DELIJA

--	--	--	--	--	--	--	--	--	--

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's Jumbles: ENTRY GRAVE PAGODA BOUNCE
Answer: You might be tired of being without it—

ENERGY

"Registered as a newspaper at the Post Office"

REVERSALS

A Personal Account of Victory Over Dyslexia

By Eileen Simpson. Houghton Mifflin. 246 pp. \$8.95.

Reviewed by Christopher Lehmann-Haupt

EILEEN SIMPSON, as a child growing up in the 1930s, could not learn to read. Normal, even bright in other respects, she would invariably flinch when called upon to read aloud in grade school that the print made no sense. "The initial letter of the story was bold and black. It went down steep and fast, ending in a book-like play-ground slide. I traced it with my 'reading finger' and prayed for a miracle. Tears came instead. One of them made a blot on the page which the coarse paper drank into the shape of an ill-drawn star. The words broke down into smears and letters, swam toward one another and collided."

In time, as the incomprehension

In time, as the incomprehension of her teachers and family grew and their pressure on her mounted, her affliction seemed to poison her whole being. Her body would seem "out of control . . . I was always tired. My legs buckled under me. I felt constantly, ripping my stockings and scraping my knees. I noticed in the winter that my feet weren't there. The cord I pulled to turn on a light came off in my hand. When I prepared vegetables, I cut my finger. When I dried dishes, the breakage was high. I lost schoolbooks, lunch box, mittens, hats, and once, in the dead of winter, my coat. There was something wrong with my brain."

Discovering the Difficulty

It would not be until many years later, when Miss Simpson was in her 20s, that she would discover the source of her difficulties. Separated for a week from her husband-to-be, a young Harvard instructor and poet named John Berryman, she finally scribbled him a letter because, against her better judgment, she had promised to write him:

"Deare,
"Time for olney a hurried note. M. and children well. Swimming every day despite gary skies. Tomorrow we calabrent M's birthday. See you Thursday."

When they were together again. Instead of ridiculing her, Berryman gravely told her that "Your errors are not ordinary spelling errors. You have analyzed your own dyslexia!" She said she would learn that dyslexia (from the Greek *δύσ*, faulty, plus *λέξις*, speech, cognate with a Latin *legere*, to read) is a neurophysiological flaw in the brain's ability to process language that afflicts, by some observers' estimates, as much as 10 percent of the American population. (To this day, while knowledge of the malfunction has vastly increased and techniques of compensatory training have grown sophisticated, ex-

Solution to Previous Puzzle

T	H	A	N	W	O	B	R	E	V	E	L
H	A	V	E	O	S	I	S	E	L	I	V
W	O	I	R	T	I	T	A	D	A	N	E
A	V	E	R	A	G	E	R	H	E	R	O
N	E	W	E	A	R	E	A	R	D	A	Y
N	O	N	P	I	N	E	C	O	N	E	
A	L	L	A	N	T	I	N	G	O	V	A
L	O	O	A	T	H	R	E	E	T	A	N
L	I	V	E	S	T	R	I	S	T	R	A
C	H	A	L	L	I	E	N	S	O	O	

SEVENTYNINE
IMPULSE SEABOYS
TIARA OSTE ONES
ALIGN FOAL WHITE
LADED PRY LAIS

By Alan Truscott

The diagrammed deal produced some interesting competitive bidding. East's aggressive opening bid of two diamonds was an example of the Flannery Convention, showing an opening bid with exactly four spades and exactly two hearts, a distribution that is hard to show effectively in standard methods.

South bid a gentle three clubs, after which the West, in the face of action, North tried three hearts, and then doubled when West persevered to four hearts. This convinced the hearts were good, but South did not fancy defending. North tried four no-trump, since his partner had promised a heart stopper and a club suit would produce eight tricks.

North had to think again. He concluded correctly that his partner must be void in hearts, and that his stopper in hearts would not be adequate. This was an accurate assessment: Four no-trump would have failed by three tricks after an opening heart lead.

Knowing that his partner must have a very powerful club suit to justify his bidding, North retreated to five clubs. West doubled, and the opening lead became crucial. After any lead but a spade, South would have had no trouble bringing

WEST

♠ J53

♣ K1074

♦ A10865

♥ 7

EAST(D)

♠ KQ73

♥ AJ985

♦ 72

♥ J3

SOUTH

home 11 tricks, with eight in clubs.
two in diamonds and the spade ace.

But West did hit on a spade lead, putting the defense on the road to scoring two spade tricks and the diamond ace before South could manage a spade discard. South played low from dummy, and East

2986
7-
AK3
AKQ98542

North and South were vulnerable.
The bidding:

East	South	West	North
2C	3H	3C	3NT
Pass	Pass	4C	Dbl.

Pass	4 N.T.	Pass	5 ♠
Pass	Pass	Dbl.	Pass
Pass	Pass		

West led the spade two.

٥٥١ من الاصل

St. John's Surprises Duke; Penn Defeats N. Carolina

RALEIGH, N.C., March 12 (UPI) — A couple of upsets occurred here yesterday in the East Regional of the NCAA basketball championships. St. John's defeated Duke, 80-78, to advance to a showdown Friday with Rutgers in Greensboro, N.C., and Penn knocked off North Carolina, 72-71, to set up a meeting with Syracuse.

It was Reggie Carter who broke a designed play with five seconds remaining, hitting an eight-footer from the baseline instead of driving the lane, to score the winning points for St. John's.

"We really didn't want to take the shot with that much time on the clock or from that position," said Carter, whose failure to hit the front end of a 1-and-1 seconds earlier allowed Duke to gain a 78-76 tie. "It was a set play, but not for that shot. I was really supposed to be coming to the middle but instead I went to the baseline."

Wayne McKoy's defensive work on Duke's Mike Givinski was instrumental for the Redmen, though the All-America center was suffer-

ing from a stomach virus. Givinski still managed to score 16 points and grab eight rebounds, but McKoy scored 18 points and had seven rebounds.

Shedding Myths

Meanwhile, Penn helped shed a lot of myths about the "weak" Ivy League programs.

Tony Price, who was plagued by early foul trouble, a hostile crowd and a back injury, scored 25 points, collected nine rebounds and was instrumental down the stretch.

"This is one of the greatest feelings I've ever experienced in my life," Price said. "There were a lot of people on the floor who I've seen on television a lot and I just wanted to show that we could play with those guys. I play for the Ivy League, the so-called weak league, and I hope this earned us a little respect."

In the Midwest Regional at Muncie, Ind., Michigan State defeated Iowa, 95-64, and Notre Dame held off Tennessee, 73-67. In the Midwest Regional at Lawrence,

Kan., Indiana State beat Virginia Tech, 86-69, and Arkansas defeated Weber State, 74-63. In the West Regional at Los Angeles, UCLA got by Pepperdine, 76-71, and DePaul defeated Southern California, 89-78.

Greg Kelsier scored 31 points to power Michigan State past Lamar, though the victory may have been costly for the Spartans with the loss of center Jay Vincent. The Spartans (22-6) advanced to the Midwest semifinals in Indianapolis Friday against LSU but may have to continue without Vincent, who left the game on crutches with an apparent ankle sprain.

Notre Dame moved to the Midwest semifinal against Toledo after withstanding a late Tennessee challenge. The Irish were able to stave off the late-surgings Vols with accurate foul shooting by Kelly Trippucka, who led all scorers with 21 points, and the outside accuracy of guard Rich Brannigan. Freshman Gary Carter led Tennessee with 16 points.

Larry Bird, playing with a fractured thumb, scored 22 points, pulled down 13 rebounds and handed off seven assists to make Indiana State's first-ever NCAA appearance a success. Bird, playing with a rubber pad on his left thumb, also blocked two shots and had one steal to advance the unbeaten Sycamores to their Midwest regional game Thursday against Oklahoma, the Big-8 champion.

The tandem of Steve Schall and Scott Hastings combined for 32 points and 12 rebounds to give the Razorbacks a victory over Weber State. In eliminating Weber State from the tourney for the second straight year, Arkansas earned the right to meet Louisville in the Midwest semifinals. Sidney Moncrief became the first player in Razorback history to top 2,000 career points, with 19 against the Wildcats.

UCLA ran into some unexpected trouble from Pepperdine before prevailing and earning the right to face the University of San Francisco in the semifinals of the West Regional at Provo, Utah, Thursday. Pepperdine led, 48-44, early in the second half before the Bruins ran off 10 straight points for a 54-48 lead that they never relinquished. David Green, scored the Bruins with 18 points.

Curtis Watkins scored 27 points and freshman Mark Aguirre added 25 to lead DePaul over USC. The Blue Demons advanced to the West Regional semifinal Thursday against Marquette. Going with five players for the entire 40 minutes, DePaul proved too strong inside for the Trojans, who finished second in the Pacific-10 behind UCLA.



Reggie Carter of St. John's (center) passes to a teammate as Kenny Dennard (left) and John Harrell (right) of Duke close in on him. Carter's eight-foot baseline jump shot with only five seconds remaining in the game gave St. John's the victory, 80-78.

Kinshofer Captures Fifth Giant Slalom

HEAVENLY VALLEY, Calif., March 12 (AP) — Christa Kinshofer of West Germany captured her fifth consecutive giant slalom race here yesterday, clinching the World Cup title in that discipline.

Kinshofer led by nearly a second after the first run and posted an aggregate time over two runs of 2:19.62. Hanne Wenzel, the defending overall World Cup champion from Liechtenstein, moved a step closer to defending that title with a time of 2:20.19 for second place.

The second-place finish gave Wenzel four points toward the overall crown, and she now leads Annemarie Moser-Proell of Austria by eight points, 220 to 212. Proell, after a poor first run, finished 25th, giving her one point.

"It was only four points, but it was a very important four points," said Rudolf Schädler, president of the Liechtenstein Ski Federation.

Irene Epple of West Germany finished third in 2:20.82, and Erika Hess of Switzerland was fourth in 2:21.20.

Difficult Course

Both runs were through 50 gates and over 862 meters. The course had a vertical drop of 349 meters.

"It was very hard," Wenzel said, "because it was so long and steep. The second run was very quick."

Proell, a five-time World Cup champion, has one giant slalom and one slalom remaining this season in which to catch Wenzel.

IOC Sets Date For China Talks

LAUSANNE, Switzerland, March 12 (UPI) — The president of the International Olympic Committee, Lord Killanin, today invited China and Taiwan to meet on March 27 to discuss Chinese representation in the Olympic movement.

Killanin sent telegrams to Peking and Taipei proposing that each send two delegates plus one interpreter to a meeting at IOC headquarters here. He asked for a response by March 22.

Killanin announced Saturday that China had agreed to a meeting with Taiwanese sports officials. But there have been conflicting reports on whether Taiwan was willing to attend.

Annemarie Moser-Proell of Austria by eight points, 220 to 212. Proell, after a poor first run, finished 25th, giving her one point.

"It was only four points, but it was a very important four points," said Rudolf Schädler, president of the Liechtenstein Ski Federation.

Irene Epple of West Germany finished third in 2:20.82, and Erika Hess of Switzerland was fourth in 2:21.20.

Difficult Course

Both runs were through 50 gates and over 862 meters. The course had a vertical drop of 349 meters.

"It was very hard," Wenzel said, "because it was so long and steep. The second run was very quick."

Proell, a five-time World Cup champion, has one giant slalom and one slalom remaining this season in which to catch Wenzel.

Annemarie Moser-Proell of Austria by eight points, 220 to 212. Proell, after a poor first run, finished 25th, giving her one point.

"It was only four points, but it was a very important four points," said Rudolf Schädler, president of the Liechtenstein Ski Federation.

Irene Epple of West Germany finished third in 2:20.82, and Erika Hess of Switzerland was fourth in 2:21.20.

Difficult Course

Both runs were through 50 gates and over 862 meters. The course had a vertical drop of 349 meters.

"It was very hard," Wenzel said, "because it was so long and steep. The second run was very quick."

Proell, a five-time World Cup champion, has one giant slalom and one slalom remaining this season in which to catch Wenzel.

Annemarie Moser-Proell of Austria by eight points, 220 to 212. Proell, after a poor first run, finished 25th, giving her one point.

"It was only four points, but it was a very important four points," said Rudolf Schädler, president of the Liechtenstein Ski Federation.

Irene Epple of West Germany finished third in 2:20.82, and Erika Hess of Switzerland was fourth in 2:21.20.

Difficult Course

Both runs were through 50 gates and over 862 meters. The course had a vertical drop of 349 meters.

"It was very hard," Wenzel said, "because it was so long and steep. The second run was very quick."

Proell, a five-time World Cup champion, has one giant slalom and one slalom remaining this season in which to catch Wenzel.

Annemarie Moser-Proell of Austria by eight points, 220 to 212. Proell, after a poor first run, finished 25th, giving her one point.

"It was only four points, but it was a very important four points," said Rudolf Schädler, president of the Liechtenstein Ski Federation.

Irene Epple of West Germany finished third in 2:20.82, and Erika Hess of Switzerland was fourth in 2:21.20.

Difficult Course

Both runs were through 50 gates and over 862 meters. The course had a vertical drop of 349 meters.

"It was very hard," Wenzel said, "because it was so long and steep. The second run was very quick."

Proell, a five-time World Cup champion, has one giant slalom and one slalom remaining this season in which to catch Wenzel.

WHA Studies Expanding Into Five European Cities

WINNIPEG, March 12 (UPI) — After being turned down by the National Hockey League, officials of the World Hockey Association have unveiled a plan to expand into as many as five European cities.

"It's very viable," said Ken Fenson, public relations officer for the Winnipeg Jets. "I have a feeling that in two or three years... the NHL will realize it has made a big mistake."

The main proponents of the concept — which could bring WHA hockey to Finland, West Germany, Switzerland, Sweden and the Soviet Union — are two Jets officials: John Ferguson, the general manager, and Marc Cloutier, his executive director.

The six WHA teams and league trustees were scheduled to meet tomorrow and Wednesday in Toronto to decide on future plans.

Better Deal

Fenson said that the league has so far refrained from approaching any European teams directly because it wanted to explore every possibility of arriving at a merger agreement with the NHL.

But he said that a league extending to Europe would be cost-competitive in terms of travel expenses, and even more lucrative in revenues than any deal the WHA could have made with the NHL.

The four cities with applicants for NHL franchises — Winnipeg, Edmonton, Quebec, and Hartford, Conn. — would have given up television rights for years, but now there is a prospect of televising games with European teams as early as next season.

As for gates, Fenson said: "Who would you rather see here, the Russians or the Washington Capitals?"

WINNIPEG, March 12 (UPI) — After being turned down by the National Hockey League, officials of the World Hockey Association have unveiled a plan to expand into as many as five European cities.

"It's very viable," said Ken Fenson, public relations officer for the Winnipeg Jets. "I have a feeling that in two or three years... the NHL will realize it has made a big mistake."

The main proponents of the concept — which could bring WHA hockey to Finland, West Germany, Switzerland, Sweden and the Soviet Union — are two Jets officials: John Ferguson, the general manager, and Marc Cloutier, his executive director.

The six WHA teams and league trustees were scheduled to meet tomorrow and Wednesday in Toronto to decide on future plans.

Better Deal

Fenson said that the league has so far refrained from approaching any European teams directly because it wanted to explore every possibility of arriving at a merger agreement with the NHL.

But he said that a league extending to Europe would be cost-competitive in terms of travel expenses, and even more lucrative in revenues than any deal the WHA could have made with the NHL.

The four cities with applicants for NHL franchises — Winnipeg, Edmonton, Quebec, and Hartford, Conn. — would have given up television rights for years, but now there is a prospect of televising games with European teams as early as next season.

As for gates, Fenson said: "Who would you rather see here, the Russians or the Washington Capitals?"

WINNIPEG, March 12 (UPI) — After being turned down by the National Hockey League, officials of the World Hockey Association have unveiled a plan to expand into as many as five European cities.

"It's very viable," said Ken Fenson, public relations officer for the Winnipeg Jets. "I have a feeling that in two or three years... the NHL will realize it has made a big mistake."

The main proponents of the concept — which could bring WHA hockey to Finland, West Germany, Switzerland, Sweden and the Soviet Union — are two Jets officials: John Ferguson, the general manager, and Marc Cloutier, his executive director.

The six WHA teams and league trustees were scheduled to meet tomorrow and Wednesday in Toronto to decide on future plans.

Better Deal

Fenson said that the league has so far refrained from approaching any European teams directly because it wanted to explore every possibility of arriving at a merger agreement with the NHL.

But he said that a league extending to Europe would be cost-competitive in terms of travel expenses, and even more lucrative in revenues than any deal the WHA could have made with the NHL.

The four cities with applicants for NHL franchises — Winnipeg, Edmonton, Quebec, and Hartford, Conn. — would have given up television rights for years, but now there is a prospect of televising games with European teams as early as next season.

As for gates, Fenson said: "Who would you rather see here, the Russians or the Washington Capitals?"

WINNIPEG, March 12 (UPI) — After being turned down by the National Hockey League, officials of the World Hockey Association have unveiled a plan to expand into as many as five European cities.

"It's very viable," said Ken Fenson, public relations officer for the Winnipeg Jets. "I have a feeling that in two or three years... the NHL will realize it has made a big mistake."

The main proponents of the concept — which could bring WHA hockey to Finland, West Germany, Switzerland, Sweden and the Soviet Union — are two Jets officials: John Ferguson, the general manager, and Marc Cloutier, his executive director.

The six WHA teams and league trustees were scheduled to meet tomorrow and Wednesday in Toronto to decide on future plans.

Better Deal

Fenson said that the league has so far refrained from approaching any European teams directly because it wanted to explore every possibility of arriving at a merger agreement with the NHL.

But he said that a league extending to Europe would be cost-competitive in terms of travel expenses, and even more lucrative in revenues than any deal the WHA could have made with the NHL.

The four cities with applicants for NHL franchises — Winnipeg, Edmonton, Quebec, and Hartford, Conn. — would have given up television rights for years, but now there is a prospect of televising games with European teams as early as next season.

As for gates, Fenson said: "Who would you rather see here, the Russians or the Washington Capitals?"

NHL Standings

CAMPBELL CONFERENCE

Team	W	L	T	Pts
NY Islanders	11	12	9	30
NY Rangers	10	13	9	29
Atlanta	10	13	9	29
Philadelphia	10	13	9	29

WATSON CONFERENCE

Team	W	L	T	Pts
Chicago	10	13	9	29
Vancouver	10	13	9	29
St. Louis	10	13	9	29
Colorado	10	13	9	29

Transactions

BASEBALL

BOSTON RED SOX — Signed Glenn Hoffman, infielder, for the 1979 season. Renowned the contracts of Andy Messer, Chuck Rainey and John Lammers.

CALIFORNIA ANGELS — Signed Corney Lunsford, third baseman, to a 1-year, estimated \$75,000 contract.

HOCKEY

MONTREAL CANADIENS — Recalled Rodolphe Houlihan, enforcer, from New Scotland of the American Hockey League. Recalled Richard Sevigny, goaltender, from Saginaw of the AHL.

PHILADELPHIA FLYERS — Signed Pat Quinn, head coach, to a two-year contract.

TORONTO MAPLE LEAFS — Called up Rocky Sapich, forward, from the New Brunswick Hawks of the American Hockey League.

NBA Standings

EASTERN CONFERENCE

Team	W	L	Pct.
Washington	41	27	.603
Philadelphia	33	35	.486
New Jersey	33	35	.486
New York	33	35	.486
Boston	33	35	.486

CENTRAL DIVISION

Team	W	L	Pct.
San Antonio	41	27	.603
Atlanta	33	35	.486
Phoenix	33	35	.486
San Diego	33	35	.486
Portland	33	35	.486
Golden State	33	35	.486

WHA Standings

W L T Pts

Edmonton	34	22	7	74
Quebec	32	25	7	71
New England	29	28	7	64
Winnipeg	29	28	7	64
Calgary	29	28	7	64
Birmingham	29	28	7	64
San Diego	29	28	7	64
Los Angeles	29	28	7	64
San Jose	29	28	7	64
San Francisco	29	28	7	64
San Jose	29	28	7	64
San Francisco	29	28	7	64

U.S. Beats Australia In World Cup Tennis

NEW HAVEN, March 12 (AP) — Dick Stockton and Stan Smith completed the U.S. domination of Australia yesterday in the World Cup tennis tournament, posting a 7-6, 6-1 triumph over Geoff Masters and Allan Stone.

Earlier in the day, Brian Gottfried defeated John Alexander, 6-2, 6-4.

The U.S. team captured every match in the best-of-seven series and did not allow the Australians to win a set. The 1979 victory evens the series between the two nations at 5-5.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

MOVING

WANT TO GET A KICK OUT OF MOVING FROM THE ITALIAN BOOT? CALL...

INTERDEAN ITALY

Just say you want to move to Italy and we'll make it happen for you. We have the best selection of Italy in the world. We have the best selection of Italy in the world. We have the best selection of Italy in the world.

So Close to Pennant Memories Haunt Red Sox

By Thomas Boswell

WINTER HAVEN, Fla. (WP) — The sun is warm here, the orange trees lean their full branches over the outfield fences. This spring retreat of the Boston Red Sox, so ripe with fruit, does not look like a haunted house. But it is.

For Carlton Fisk and many another Red Sox, the air still seems crisp, the sky a dazzling autumn azure and one solitary pop-up hangs high over Fenway Park. The Red Sox have long memories. It is their heritage, and curse.

"I was in the on-deck circle when Yaz popped it up, just like I was when he fled out to end the '75 World Series," said Fisk, recalling Carl Yastrzemski's final out of last October's American League East playoff.

"I knew the season would be over as soon as it came down. It seemed like the ball stayed up forever, like everything was cranked down to slow motion. I was trying to will the ball to stay up there and never come down."

What a dumb thing to have run through your mind. Even the crowd roar sounded like a movie projector at the wrong speed when everything gets gravely and warped.

The Sox are an imaginative team, susceptible to haunting.

than we do now," Burleson said. "That's because our owners let us down."

"If they couldn't sign Luis Jerez, he'd have settled for a two-year contract for half what the Yankees ended up giving him... how the hell are they going to sign the rest of us when our contracts are up?"

"The Yankees' owner knows what he wants. George Steinbrenner is no fool. He knows you have to spend money to make money. But do you own [Haywood Sullivan and Edward Leroux] know what they want?"

"One idea is on the mind of every guy in this clubhouse: are we being supported? Do the owners want to win the pennant or do they want to make more and more money?"

"The Yankees are bold. We're afraid to lose \$300,000 on a contract with Tiant. Good Lord, make the man happy: let's win the pennant. They're gonna make up for that \$300,000, plus a lot more."

"Double Standard"

What especially infuriates the Sox is that after letting Tiant go, the management broke its no-renegotiation policy to sign Jim Rice to a long-term contract extension because he demanded it.

"It's a double standard, plain and simple," Burleson said. "They're not treating everybody the same. It's going to hurt the team in the future."

"If Rice is worth \$700,000 a year what should Burleson and [Jerry Remy] make? Is he worth \$600,000 more to the ball club than we are?"

First in line at the cash window with a sign saying "If Rice got his then I want mine," is Yastrzemski, who says he will not play if his renegotiation demands are not met.

"Why should Carl play 20 years and end up making \$200,000, when a guy who's done for four years [Rice] gets \$700,000?" Burleson said. "That's not right. My guess is that the Sox have already agreed to his terms or Carl wouldn't be here working out."

"What bothers us is that management has his us from both ends. They're tight with Tiant and really hurt the team, but they write a blank check for Rice and they weren't even obligated to talk to him until his contract runs out after the '80 season."

Such fourth and fifth starters as Jim Wright, Bobby Sponsel, Steve Renko, Andy Haisler and Allen Ripley make Baltimore and Milwaukee dream of second place.

The once-ottent bottom third of the Sox attack is in recovery — Dwight Evans (.247) from a beaning, Butch Hobson (.438 errors) from elbow surgery and George Scott (.233) from being overweight. They can only get better.

Fisk wishes his throwing arm were in the same category. Last year, he caught a league-record 154 games. This year, he sometimes feels he probably should not catch any. "My arm has died," he has confessed to friends.

Six months ago, the Red Sox were cruising toward what would have been their first world title since 1918. Now they are in danger of falling apart.

The surliest member is Rice, who complained recently that a member of the press had requisitioned his locker stool to conduct an interview.

Was this fair, Rice wished to know? Should a 25-year-old millionaire be asked to towel himself standing up?

The next day, the Sox issued an edict. Immediately, the Sox issued an edict. Immediately, the Sox issued an edict. Immediately, the Sox issued an edict.

Evil Remains

The evil that the Sox do lives after them. The good is of interest with their means. So it is this spring — redoubled.

"Every time I hear the words 'Red Sox Collapse of '78' I want to puke," said coach Johnny Pesky. "Doesn't anybody remember that we won 12 of our last 14 to force a playoff?"

The Sox are facing what they feared all along — that their fans and critics would remember only their fall, not their near-redemption.

"It's just like I said it would be," snapped shortstop Rick Burleson. "They only remember that we finished second."

"After we lost the seventh game of the '75 Series, we felt like winners all winter," Fisk said. "We were proud of ourselves, a young team, for getting that far."

Last year, we won 99 games. We were half of the greatest pennant race in history, probably. We'd have romped in any other division. We were one of the two best teams in baseball. We should have felt like winners again. But I don't think we did."

Feelings of Betrayal

The Red Sox feel betrayed. Betrayed by themselves when, under pressure, they blew a 14-game lead last season. Betrayed by their fans, who refused to forgive them when they merited it, after winning their last eight regular-season games. And worst, betrayed by the new Boston management, which allowed Luis Tiant — the most beloved player on the team, the source of all good humor and much confidence — to be gobbled at auction by the omnivorous Yankees.

"The Yankees have more talent

Second-Place Dream

Such fourth and fifth starters as Jim Wright, Bobby Sponsel, Steve Renko, Andy Haisler and Allen Ripley make Baltimore and Milwaukee dream of second place.

The once-ottent bottom third of the Sox attack is in recovery — Dwight Evans (.247) from a beaning, Butch Hobson (.438 errors) from elbow surgery and George Scott (.233) from being overweight. They can only get better.

Fisk wishes his throwing arm were in the same category. Last year, he caught a league-record 154 games. This year, he sometimes feels he probably should not catch any. "My arm has died," he has confessed to friends.

Six months ago, the Red Sox were cruising toward what would have been their first world title since 1918. Now they are in danger of falling apart.

The surliest member is Rice, who complained recently that a member of the press had requisitioned his locker stool to conduct an interview.

Was this fair, Rice wished to know? Should a 25-year-old millionaire be asked to towel himself standing up?

The next day, the Sox issued an edict. Immediately, the Sox issued an edict. Immediately, the Sox issued an edict. Immediately, the Sox issued an edict.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Probation

DAYTONA BEACH, Fla., March 12 (UPI) — The National Stock Car Racing Commission has given Cale Yarborough, the defending NASCAR driving champion, a delayed three-month probation penalty for the Daytona 500 fight on Feb. 18 and reduced Donnie Allison's probation from six to three months.

The commission met in Atlanta to hear appeals on fines levied against both Donnie and Bobby Allison for their part in the last-lap crash that knocked Yarborough and Donnie Allison out of contention and permitted Richard Petty to win the race.

Yesterday, Yarborough won the Richmond 400 Grand National stock car race, finishing ahead of Bobby Allison and Darrell Waltrip.

Yarborough Put On Prob

